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REPORT

OF THE

STUDY TEAM

ON

DIRECTORATE GENERAL

OF

TECHNICAL DEVELOPMENT

(PART-II)

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(PART II)

Letter of transmittal

H. C. MATHUR, M.P.
Chairman,
Study Team on the
Directorate General of
Technical Development.

New Delhi,
Dated the 28th March, 1966

My dear Raghu Ramaiah,

I submit the second and final report of the study team appointed to go into the working of the Directorate General of Technical Development. You will recall that our first report was made in June 1965.

2. I must draw attention to a basic difficulty we faced. This organization is meant to be the chief technical advice agency of the Government of India in the field of industrial administration. It, therefore, provides a common service of the nature of consultation and advice to a number of ministries. Two kinds of problems arise out of this. For one thing, the work of this organization is so closely linked with that of the ministries it services that major improvements can only be devised by looking at procedures and so on, both within the Directorate General and in the ministries concerned. Secondly, since policies and organisation in regard to industrial planning and development must keep changing according to needs and circumstances, there is always an unsettled element not only in the tasks which the Directorate General is required to perform but also in the relationship of this organization with the ministries it has to deal with. I believe the first thing to be done is to identify the correct role of the Directorate General in relation to the various ministries, and indeed in regard to the whole business of planning industrial development. I hope this report will enable the Government of India to come to a view on this basic issue.

3. Another important difficulty we tried to grapple with was in the matter of identifying the appropriate roles of the Central and State Governments in the work of industrial development. Over the course of years a strong tendency towards centralisation appears to have been growing, and one of the effects of this is the rapidly increasing workload of the Directorate General in regard to registration of industries. We have felt that the time has come for a sober review to be made to ensure that, as far as possible, only industries satisfying the test of public interest set down in the Constitution remain for being looked after by central agencies like the Directorate General of Technical Development. Our recommendations on this point will need a bold decision and I thought I should mention the matter specifically.

4. For the rest, we have tried our best to go through the substantive work done in the organisation and to introduce the simplifications wherever possible. We have also made recommendations for reorganising the department, and in this connection I would particularly mention the staffing pattern we have recommended for the technical divisions. I am sure you will agree with our approach of dropping clerical personnel from these divisions to the maximum extent possible.

5. Although a majority of the recommendations in our first report were accepted, it appears there has been some difficulty in considering some of the more important ones. I notice that the recommendations still without decisions of the Government are those where other ministries are vitally concerned. I am afraid the present report also contains many recommendations which will involve other ministries. Permit me to suggest that some effective method should be evolved to see that it does not happen that the simpler and less important recommendations of a report like this get accepted quickly and those which constitute the core of the report remain held over simply on account of difficulties of inter-ministerial coordination.

6. I need hardly say that the finalising of this report has been possible only because we had the benefit of expert assistance from the head of the organisation, Shri P. C. Kapoor. We are deeply indebted to him and to his officers for their generous help, both in making their expert thinking available to us and also in the many hours that they willingly spared for consultation with us. Our thanks are also due to Shri S. S. Puri, our Member Secretary and Shri S. P. Mukherji and Shri P. D. Kalia who did invaluable work.

Yours Sincerely,
Sd/- H. C. MATHUR

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Shri K. Raghu Ramaiah,
Minister of Supply & Technical Development,
New Delhi

1. Copy to Prime Minister.
2. Copy to Home Minister.

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CHAPTER I

INTRODUCTORY

This is the second and final report of a study of the working of the Directorate General of Technical Development initiated in August 1964. The scope of the study, the constitution of the study team appointed for the purpose and other details are set out in the first report submitted to the Government of India in June 1965. The two reports are parts of a single exercise in which an attempt has been made to examine the working of this organisation comprehensively in order to see what improvements can be effected.

2. The broad strategy of the study has been first to go into the substantive activity of the department item by item, and then to see what kind of changes in procedures, organisation and so on are necessary in the light of the study of substantive items of work. Examining the substantive work of any Government organisation necessarily takes one into realms of policy. We have not hesitated to face up to policy issues, particularly where we found that they had a vital bearing on procedures and organisation. An agency like the Directorate General of Technical Development, which furnishes advice and service to a number of ministries, faces the difficulty that the policy which governs its procedures and working is often formulated elsewhere. The difficulty of the Directorate General has been also ours. We have ventured to solve it by stretching out to tackle policy issues even when they were not directly in the purview of the Ministry of Supply and Technical Development. Any other course would have deprived this study of the value of comprehensiveness. There were many matters in which we were able to arrive at the correct view only after extending our vision and scope in the above manner. We are hopeful that our recommendations will not be questioned simply because they tend sometimes to involve policy or because they go beyond the strict confines of the charge of the Ministry of Supply and Technical Development.

3. Our first report dealt mainly with import matters. This subject received priority because of the need to coordinate matters with the work of the study team examining the working of the Chief Controller of Imports & Exports. We were anxious that the recommendations of the two study teams in regard to import procedures should not only be consistent but should be timed in such a way as to ensure simultaneous implementation. The decisions taken on many of the recommendations of our earlier report have encouraged us to explore other items of substantive work handled in this Ministry.

4. The present report thus contains the result of our study of subjects like planning of industrial development, industrial licensing and registration of industries. There is also a chapter on Development Councils with particular reference to the role of these councils in regard to import substitution. All these items

are at the heart of the policy governing industrial development and in respect of each of them we have something to suggest which involves a departure from previous lines of thinking. We were conscious of the possible criticism that a study into the working of a technical-advice agency should not get involved in fundamental policy considerations. But, as explained earlier, an examination of this organisation's substantive work would have been meaningless and superficial without a probe into relevant aspects of policy.

5. Procedures connected with specific types of activity were examined in the course of studying substantive items of work. For instance, procedures for the handling of industrial licence applications came under scrutiny along with the whole subject of licensing for industries. Wherever possible, we have suggested simplification and elimination of multiple handling. Other overall procedures we have gone into as part of the problem of restructuring the organisation. We have suggested a type of officer-orientation which we consider suitable for a technical agency. That this has not led to a visible economy in the way of men and money is because considerable prunning of clerical cadres had already been effected by the time our study concluded. We would, however, suggest that six months or so after the decisions on this report have been implemented there should be a thorough work study by the staff inspection unit so as to make adjustments of staff in relation to actual workload. We attach a great deal of importance to our recommendations in regard to personnel administration. Our study of the forms and returns used in the department has been particularly rewarding and has led to our being able to suggest a significant reduction of paper work.

Recommendation

6. Although we have endeavoured to work out the details of as many of our recommendations as possible, a great deal of follow-up work have to be done for implementing this report. A heavy responsibility in this connection will have to be shouldered by the O&M unit. as it will have to take over from where we leave off. It has been our experience that working out reform measures requires painstaking effort and the will to find answers for the numerous difficulties which necessarily crop up whenever changes are suggested or made. Our recommendations for strengthening the O&M unit are therefore of key importance.

7. We followed the methods of study already indicated in the first report and relied to a great extent on case studies for getting at the correct facts. We made a point of discussing all important issues with selected officers of the Directorate General so that our eventual views should take account of practical difficulties and also in order that what we suggest might be capable of effective implementation. In this process of consultation and discussion we held no less than 109 meetings of the study team, its working groups and its sub-committees. We are deeply indebted to all within the Directorate General and outside who helped us in this process of consultation.

CHAPTER II

ROLE OF THE D.G.T.D. IN THE PLANNING OF INDUSTRIAL DEVELOPMENT

The planning and development of all industries, except a few like iron and steel, textiles, jute, sugar and vanaspati, is listed as one of the functions of the Directorate General of Technical Development. As a matter of fact, it is the most important of this organisation's functions; all other items of activity flow out of it.

2. We have examined whether it has been possible for the Directorate General to carry out this function effectively. There is a basic organisational difficulty which has to be reckoned with in defining the precise role of the Directorate General in regard to the planning and development of industry. This arises from the fact that the particular sectors of industry covered by the organisation are under the administrative charge of a number of ministries. Organisationally, the Directorate General are part of the single Ministry of Supply and Technical Development, but as Government's main technical agency, they furnish a common service to a group of departments and ministries. If they have to play an effective role in regard to planning and development, their precise task and also their position *vis-a-vis* the departments and ministries they furnish technical service to need to be defined clearly and unambiguously. We have addressed ourselves to this task as an essential pre-requisite to this aspect of our study, notwithstanding the fact that a narrow interpretation of our terms of reference might put this outside our scope of work. We have done so because there is little point in delving deep into the internal working of an organisation like this without going into surrounding questions like what kind of service it is supposed to provide and in what kind of an overall organisational context.

3. The role of the Directorate General in the task of planning and development of all industries with the exception of a few like iron and steel, textiles, jute, sugar and vanaspati, has been set out in the annual report of the organisation in the following terms:—

(i) Assisting in the planning and development of industries to secure a well-balanced and properly co-ordinated pattern of industrialization of the country.

(ii) Formulating the detailed industrial production targets under the Five Year Plans and keeping them under constant review.

(iii) Securing increased production of those articles and commodities the present production of which is insufficient to meet the country's demand and ensuring improvement in the quality of production.

(iv) Examination from technical angle of applications received under the Industries (Development & Regulation) Act, 1951, for establishing new industrial units or for effecting substantial expansion of existing production units and making appropriate recommendations to the concerned ministries.

(v) Making recommendations or tendering advice regarding:

  (a) Formulation of import and export policies;

  (b) Tariff protection;

  (c) Training of technical personnel overseas etc.

(vi) Collection and compilation of industrial data relating to installed capacity, actual production, employment position, stocks, prices, etc. and apprising the ministries concerned of their trends.

(vii) Guiding the work of the Development Councils constituted under the Industries (Development & Regulation) Act, and performing the work of secretariat of the various Development Councils.

(viii) Conducting studies aimed at finding out substitutes for imported/scarce raw materials and finished products.

4. This is indeed a very heavy 'bill of fare'. We have examined how far the Directorate General have been able to function effectively in the discharge of the responsibilities having a bearing on the planning of industrial development. Firstly, they are associated with the various working groups of the Planning Commission for the drawing up of plans on an industry-wise basis and it is in consultation with them that import and export policies are spelt out commodity-wise and individual applications for industrial licences considered. It is also through these officers that scarce raw materials and foreign exchange are distributed amongst different industries and sub-allocated to different units in the same industry. These officers also sit in the various deliberative bodies in the field of industrial and economic administration including public sector undertakings and contribute towards bringing about consistency and coordination. In the course of our study, we got the impression that the planning and coordination of industrial development had perhaps been an easier task some years ago when there was a single Ministry of Commerce and Industry looking after the total industrial sector and the Directorate General were a part of that ministry. The position has, however, changed as a number of ministries have been set up for dealing with different sectors of industry and the Directorate General have been separated from the Ministry of Industry and attached to a separate Ministry of Supply & Technical Development.

5. The attachment of the Directorate General to a separate ministry would appear to have sprung from the concept that this organisation would thereby be in a position to render independent and impartial technical advice to the different

ministries concerned. It has, however, been brought to our notice that, in actual practice, the administrative ministries which have grown in number have begun to look upon this organisation as an outside body; there is a clearly noticeable tendency amongst some of them to consult the Directorate General less and less in respect of the industries in their administrative charge. This feature becomes more pronounced in the case of public sector undertakings where the Directorate General's association has progressively dwindled. Instances have been brought to our notice of decisions taken by ministries in regard to the setting up and progressing of public sector projects without there being any consultation with, and in some cases without even the knowledge of, the Directorate General. If such a tendency continues, it is apprehended that even in respect of industries in the private sector the association of the Directorate General might be progressively reduced.

6. In taking note of these developments, we have first felt it necessary to consider the basic question as to whether in order to achieve the best coordination and the maximum utilisation of this organisation, it is necessary to have only one ministry dealing with the entire field of industry. After giving careful thought to this question, we have come to the conclusion that in view of the progressively widening spectrum of industry and the deeper involvement of Government in industrial development, it would not really be administratively practicable for one single ministry to look after the entire field of industry.

7. If there has to be more than one ministry for dealing with different sectors of industry, we have naturally to examine how planning of development in different sectors of industry should be coordinated so as to ensure an integrated pattern of industrial development in the country. There is no doubt that there should be close coordination between all ministries and organisations of Government dealing with several industries. The stages of planning at which such coordination could be envisaged may be grouped under two headings; firstly, those stages of planning leading upto the drawing up of a five year plan which may be referred to as 'long term planning' for brevity; and the subsequent stages which may be termed as 'implementation of the plan'.

(i) Long term planning, as explained earlier, includes the drawing up of the perspective plan and later of a five year plan. In connection with the preparation of the Fourth Plan, in 1962 the Planning Commission set up a number of working groups for major industries on which all interested departments of Government, including the Directorate General of Technical Development, were represented. These working groups took the plan of development indicated by the Perspective Planning Division of the Planning Commission as the base, collected necessary data and worked out a picture of the desirable targets, resources required including raw materials, priorities of investment, feasibility of implementation, etc. The findings of these working groups were then coordinated by the Planning Commission to draw up an integrated programme of industrial development. The Directorate General of Technical Development was fully associated with the working of these groups and played an active role in their deliberations. We are satisfied that coordination during the stages of long term planning would have to continue to be provided by the Planning Commission and that Directorate General's officers should and have been playing an effective role by being actively associated with the working groups appointed in this connection.

(ii) Implementation of the plan, in operational terms, consists of the analysing and breaking-up of the plan targets, sanctioning of industrial licences with due regard to the coordination and balancing of development as among the different regions in the country and as between the large scale and the small scale sectors on the one hand and the public and the private sectors on the other. For dealing with these matters, which have an overall implication covering the industrial sector in its entirety, we recommend that the necessary coordination should be provided by the ministry charged with the responsibility for the formulation of industrial policy in terms of the Industrial Policy Resolution, at the moment the Ministry of Industry. In order to fulfil this role effectively, the Ministry of Industry should have close and continuous advice from an organisation which has full knowledge of the technical implications and it is here that we are convinced that the Directorate General should be working in close collaboration with the Ministry of Industry. In this connection, a suggestion was made to us that, in order to enable the Ministry of Industry to play its role of coordination in an effective manner, the Directorate General should be administratively attached to this ministry. We have had some discussions on this question, but as our terms of reference do not include the examination of the total lay-out of the governmental machinery dealing with the industrial sector, it has not been practicable for us to make any definite recommendation as to which would be the appropriate ministry in the machinery of Government to which the Directorate General could be attached with maximum advantage. We would, therefore, urge that this important issue should be considered urgently by Government as part of an overall study of the functions of the Ministry of Industry and other ministries in administrative charge of the different sectors of industry.

Recommendation

Recommendation

8. The next question that arises is considering that there are and necessarily have to be a number of ministries dealing with different sectors of industry, what should be the relationship of the Directorate General with these ministries and what should be its role in the planning and development of industries looked after by it? In part I of our report, we noted a suggestion mooted at one stage that in matters of licensing, import of capital goods, technical collaboration in the public as well as private sector, the Directorate General's advice should cover the entire field of industrial development. We have, however, observed that even at present, the Directorate General do not deal with the entire industrial field. As mentioned earlier, industries like textiles, jute, sugar, vanaspati, etc., are already outside their purview. The implementation of the suggestion would, therefore, not only necessitate considerable expansion of the

Directorate General involving the creation of directorates in the field of petroleum products, coal, fuel efficiency, industrial effluents, iron and steel, energy resources, electronics etc., but also the amalgamation of the existing separate organisations like the Textile Commissioner etc., with this organisation. We are of the view that our conclusion that it is not possible for one ministry to look after the administration of the entire industrial field applies with much greater force to a technical organisation like this Directorate General. We feel that, administratively, it would not be a feasible arrangement to create a single omnibus organisation to look after the technical aspects of the entire industrial field. Recommendation

9. If there is not to be a single technical organisation dealing with the entire industrial field, a question naturally arises as to what would be the justification for continuing to have an organisation like the Directorate General of Technical Development and why the ministries cannot have their own separate technical organisations for dealing with those sectors of industry with which they are concerned. It has, however, to be remembered that there are a number of industries which are interconnected and inter-linked and if there has to be coordinated development in those industries, covering both the public and the private sectors, then it is necessary that their development should continue to be looked after by a single technical organisation. It will be possible to set up separate technical organisations only in respect of those industries which can be isolated from the Directorate General of Technical Development. Even this would be feasible only when such an industry has been adequately developed, so that a separate viable technical unit can be formed for it. Examples of such industries are sugar, textiles, vanaspati, etc., for which separate special organisations have already been established. However, until an industry has reached that stage of development when a separate technical unit can be formed for it, it will be necessary for the Directorate General to continue to look after that industry as well. It has to be clarified here that, while the separate technical organisations can look after the development of the actual production of the commodities concerned, the development of plant and machinery required by these industries would have to continue to be looked after by the Directorate General of Technical Development, as they would form part of the engineering industry whose development would remain in the charge of this organisation. In view of the considerations mentioned above, we feel that there is adequate justification for continuing a separate technical organisation like the Directorate General of Technical Development. Recommenation

10. We have next to consider the question of the relationship of the Directorate General with administrative ministries. We have mentioned before that the administrative ministries have started looking upon this organisation as an outside body. We feel that this is an unhealthy tendency which is not in the interest of the industrial development of the country. There is no reason why the administrative ministries should feel any inhibitions in making full use of the services of the Directorate General. If any psychological barriers have crept in or any administrative difficulties are being experienced in practice, we

would recommend that the position should be urgently reviewed and they should be removed. In respect of industries handled by the Directorate General, this organisation should be considered the sole adviser on technical matters and the administrative ministries should not only be encouraged but facilitated to look up to and draw upon the services of the organisation. Recommendation

11. In this connection, we took note of a recent tendency on the part of administrative ministries to build up their own technical organisation. This originally started with the idea of technical planning cells which was envisaged in the Third Plan document, specially for public sector projects, in the following terms:—

> "In the field of industrial and mineral development, unlike the more familiar fields of irrigation and power and transport, the existing technical organisations are not always adequate. To the extent to which this may be due to lack of experienced personnel, for some years at any rate, there should be readiness to associate selected experts from abroad. It is suggested that the Central Ministries concerned with industrial development should take early steps to organise well-equipped technical planning cells. These should be maintained as permanent nuclei and should be supplemented by additional personnel according to the requirements of projects which are to be studied. The ministries might also consider maintaining panels of technical advisers for selected industries. In this way, the growing technical knowledge and experience of management and planning available within the country itself could be utilised in an organised manner in developing industry and specially the public sector. As suggested, major State undertakings should take steps to strengthen and, where necessary, to set up suitable design and research units. Wherever feasible, the preparation of new projects should be one of their primary responsibilities. This would enable technical planning cells in the ministries to concentrate on the broader technical and economic aspects of the projects with which they are concerned and on the study of different stages of execution and of the various related steps which require coordination at the level of policy and administration."

This recommendation which was further reiterated by the Planning Commission was also endorsed by the Committee on Administration which indicated the functions of these cells as follows:—

> "The prime function of the Planning Cell in each ministry is to work out the Plan relating to that ministry in all its details e.g. technical and financial aspects including foreign exchange requirements and administrative aspects like the expected work-load, the right organisation to deal with that, the streamlining of procedures for timely implementation, the requirements of manpower and so on. Once the plan has been formulated,

it will also be the function of the Cell to keep a watch on implementation."

12. We have given considerable thought to the relationship between the planning cells so created in some of the administrative ministries looking after groups of industries and the Directorate General of Technical Development and have also discussed the matter with senior officers of the ministries and the Planning Commission. It seems to us that the role of the planning cells has not been clearly defined or fully appreciated. The representatives of the Planning Commission with whom we discussed the matter informed us that essentially these planning cells were intended to deal with public sector projects under the control of the administrative ministries concerned. As there seems to be no clear appreciation amongst those concerned as to the manner in which planning cells are intended to play the role of looking after the public sector projects, we have found it desirable to define the functions of planning cells, so that there is no overlapping of functions between these cells on the one hand the Directorate General of Technical Development and other corresponding technical organisations on the other.

13. In the planning of industrial development, the first stage is that of preparation of the overall plan covering both the public and private sectors. In this process of overall planning, the Directorate General of Technical Development or other similar organisations alone are competent to render technical advice. We would, therefore, urge that in the matter of this overall planning, the Planning Commission and the administrative ministries should look upon only the Directorate General or other similar technical organisations for advice. A fear has been expressed to us that once an organisation comes into being, it tends to assume more and more functions, and, in the nature of things, the planning cells, as they get established within the ministries, might tend to assume the functions of overall planning which, at present, are performed by the Directorate General. We would, therefore, like to emphasise here that it should be clearly laid down and ensured that the planning cells do not assume any responsibility or function in respect of overall planning. **Recommendation**

14. After the Five-Year Plan has been formulated it becomes necessary to work out an operative plan spelt out in terms of projects, and in doing so a great deal of detailed work has to be done in the administrative ministries. Also, in the case of public sector projects, there are certain aspects of work such as review and evaluation of progress during construction, review and evaluation of the performance after the commencement of production, coordination in regard to general aspects, such as foreign exchange allocation, which have got to be attended to in the administrative ministries. The organisations for looking after this type of work in the administrative ministries need not be at all large. For example, we have been told that the Ministry of Industry which has to handle about 30 projects has only four officers; two more have been asked for. Nearly all are non-technical officers. We feel that so long as it is clearly understood that the planning cells in the administrative ministries would be only small organisations looking after public sector **Recommendation**

projects, and the work of overall planning or the development of private sector would not be entrusted to them but would continue to be looked after by the Directorate General of Technical Development as at present, there should be no objection to the establishment of such cells. We would like to emphasise, however, that in the overall interest of the country, it is absolutely necessary to avoid any duplication of work between the Directorate General and the planning cells.

Recommendation

15. We notice that, at present, the Directorate General are not as actively associated with public sector projects as desirable. We consider it necessary that this as also other similar technical organisations should be fully associated with public sector projects. The association could be somewhat on the following lines:—

(a) The Directorate General should be consulted at the stage of overall planning leading to the decision to establish public sector projects, as recommended in the preceding paragraph.

(b) The Directorate General should be consulted when a project report in respect of any project is received as they could have something useful to contribute at this stage.

(c) The Directorate General should also be kept informed of the progressing of public sector projects so that they have complete information and data about the industry as a whole which would enable them to play an effective role in the planning of overall industrial development.

We would like to point out that if the Directorate General are not associated with the planning and implementation of projects in the public sector in the manner indicated above, the usefulness and effectiveness of the organisation in the matter of overall planning will be considerably undermined.

16. We have examined whether there is any need for reorganisation within the Directorate General in order that they are better equipped to discharge their responsibility in regard to the planning of industrial development. We learnt that a proposal was mooted some time back that there should be a separate Development Officer, preferably a senior one, in each Industrial Adviser's division for looking after the planning of industries handled in that division. We consider that this proposal suffers from certain drawbacks. Firstly, planning cannot be divorced from implementation and day-to-day problems of industrial development. A Development Officer who is not in touch with these latter functions would not be in a position to do any realistic planning for that industry. Secondly, if a separate Development Officer in an Industrial Adviser's division is charged with the responsibility of planning of industries in that division, then it would be necessary for him to be fully conversant with the problems of all industries handled in that division. In practice, however, it might not be possible to find such an all rounder for each Industrial Adviser's division. Thirdly, in the very nature of

things, the officer who is to do the planning work would perhaps have to be the senior-most Development Officer in that division if he is to be really effective, but this will obviously restrict the choice of a suitable officer for attending to the work of planning. In view of these considerations, we feel that it would not be a feasible proposition to entrust the planning of industries in an Industrial Adviser's division to a single Development Officer. We, therefore, recommend that at the Development Officers' level, the responsibility for planning should rest fairly and squarely on the Development Officer who is actually in charge of a particular set of industries and has to deal with their day-to-day developmental problems. Responsibility for coordinating planning work within a particular Industrial Adviser's division should, in consequence, rest on the Industrial Adviser himself. There would, however, be no objection to the Industrial Adviser utilising the services of one of his Development Officers or Assistant Development Officers for assisting him in the planning work if the volume of work involved justifies such assistance.

Recommendation

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CHAPTER III

INDUSTRIAL LICENSING

I. INTRODUCTION

The Directorate General of Technical Development have an important role to play in promoting industrial development in accordance with the objectives of the Industrial Policy Resolution and the requirements of the Five Year Plan in force. One of these functions in this respect has been spelt out as the examination from the technical angle of applications received under the Industries (Development and Regulation) Act, 1951, for establishing new industrial units or for effecting substantial expansions of existing units. To assess the Directorate General's performance in this regard, we arranged to have case studies and analysis of the several stages leading from the submission of an application to the issue of licences under the Industries (Development and Regulation) Act, 1951 undertaken. We also took full note of the comments and clarifications furnished by the representatives of the Ministry of Industry and the Federation of the Indian Chambers of Commerce and Industry.

II. INDUSTRIES (DEVELOPMENT AND REGULATION) ACT, 1951

2. The chief instrument for implementing the Government's resolution on industrial policy is the Industries (Development and Regulation) Act, 1951 which was passed with a view to regulate and control the development of industries. This Act is applicable only to the industries included in the schedule appended to it. For facility of reference, such industries are called "scheduled industries". Changes have been made in this schedule from time to time. According to the provisions of this Act, the industries included in the schedule are required to be licensed by Government. Under section 29(b), the Central Government have powers to exempt any industrial undertaking or any scheduled industry or a class of scheduled industries from the operation of all or any of the provisions of the Act. In pursuance of this provision, a notification was issued on the 26th February, 1960 to the effect that all industrial undertakings in the scheduled industries, which employed less than 100 workers and which had fixed assets not exceeding Rs. 10 lakhs in value, were exempted from the licensing provisions of the Act. By virtue of a further notification issued on the 13th January 1964, all undertakings other than undertakings pertaining to coal, textiles and roller flour milling industry, oil seed crushing, vanaspati, leather and matches, having fixed assets not exceeding Rs. 25 lakhs in value, have also been exempted from the licensing provisions of the Act. While issuing this notification, it was clarified that the relaxation was primarily intended to give a fillip to industries which could be set up with indigenous equipment and which required only indigenous raw-materials so that these industries would be able to go ahead without having to seek any clearance from Governmental authorities. While stipulating that such industries would have

to register themselves with the appropriate authorities before they went into production, it was also clarified that such registration would be automatic and was intended only for statistical purposes. The present position is that units in the scheduled sector with fixed assets of less than Rs. 5 lakhs are considered to be in the small scale sector and require no licensing or registration with the Central Government (though for purposes of allocation of scarce raw materials, etc., they get themselves registered with the State Directors of Industries). Units with fixed assets between Rs. 5 and Rs. 25 lakhs (medium scale) have to get themselves registered under Central authorities like the Directorate General of Technical Development and those with assets beyond Rs. 25 lakhs have to go in for industrial licences.

III. EXISTING PROCEDURE FOR INDUSTRIAL LICENSING

3. The detailed procedure for submission of applications for licences and their processing by the various authorities concerned is laid down in the 'Registration and Licensing of Undertaking Rules 1952'. These rules provide for consideration of all applications by a Licensing Committee consisting of the Secretary, Ministry of Industry as its chairman and representatives of other ministries concerned, Planning Commission and State Governments, as its members. On each application for licence, the Licensing Committee makes its recommendations to Government, who then take the decision whether a licence should be granted or not. The procedure for dealing with applications and the various stages involved in the issue of industrial licences has been outlined in a flow-chart at Appendix I.

4. In September 1963, Government set up a Committee (which came to be known as the Industries Development Procedures Committee) to go into the question of the operation of controls applicable to the establishment of additional industrial capacity under the Industries (Development and Regulation) Act, the import of capital goods, issue of capital, foreign investment and collaboration and procedures of raw material licensing. Based on such of the recommendations of this Committee as were accepted, Government made certain changes in the procedures for the grant of industrial licences and also other clearances.

5. The following are the salient features of the licensing procedure as obtaining at present:

(i) A party wishing to establish a new unit or expand an existing unit in a scheduled industry is required to apply in the prescribed form for a letter of intent or licence (where no import or foreign collaboration is required). Eleven copies of each application are required to be sent to the Ministry of Industry which acts as the co-ordinating ministry. A special section known as the Co-ordination and Licensing Progress Section (C.L.P. Section) has been created in the Ministry of Industry for handling these applications. After checking that the required number of copies of an application have been received, that the treasury challan for the requisite amount has been attached to the application and that the fees have been credited to the correct head of account. the C.L.P. Section registers the application in the order of its receipt allotting a serial number to it.

An acknowledgement is then sent to the applicant in the prescribed form and copies of the application are forwarded to the following authorities for comments:—

(a) Secretary of the administrative ministry concerned with the industry in the Central Government.

(b) Industries Division of the Planning Commission.

(c) Department of Economic Affairs, Ministry of Finance.

(d) Department of Company Affairs.

(e) Directorate General of Technical Development/Textile Commissioner/Iron and Steel Controller/or other technical adviser concerned.

(f) Director of Industries of the State concerned.

The authorities mentioned at (b) to (f) above are required to send their comments to the appropriate industry section in the administrative ministry concerned.

(ii) In the case of applications found deficient in regard to the routine aspects mentioned in sub-para (i) above the C.L.P. Section is expected to write to the applicant pointing out the defects and seeking their rectification. The distribution of copies of the application, however, is not held up if not less than 7 copies with the correct treasury challan have been received.

(iii) While distributing the copies of applications, in the forwarding letter addressed to the technical adviser and the State Government, the C.L.P. Section specifically asks them to forward their comments to the administrative ministry within three weeks. It is the responsibility of the administrative ministry concerned to send, within a period of one month of the receipt of an application, a brief summary making appropriate recommendations for submission to the Licensing Committee. Considerable importance is given to the comments of the technical advisers and further action on the application is not initiated until their comments have been received and taken into account. The State Governments on their part are informed that if their comments are not received within the prescribed time, it will be presumed that they have no objection to the application being considered favourably. The comments of other authorities are also taken into account by the administrative ministry in preparing the summary, if they are received in time; otherwise, cases are put up to the Licensing Committee without their comments. All these authorities are represented on the Licensing Committee and are in a position to express their views at the meeting of the committee.

(iv) The Ministry of Industry, on the advice of the Licensing Committee, issue instructions from time to time about the types of cases which have to be submitted to the Licensing Committee itself for decision and the types of cases which may be disposed of by administrative ministries themselves without reference to the Committee. Under these instructions, as in force, if an application is not required to be submitted to the Licensing Committee, the final decision is taken by the administrative ministry on the basis of the comments of the technical adviser and the State Government, if any received, and communicated to the applicant. The following are the types of cases falling in this category:—

(a) Diversification of production not requiring any additional plant/machinery or foreign exchange.

(b) Additional production requiring only balancing plant/machinery.

(c) Change of location within the State supported by the State Government concerned and the technical adviser.

(d) Change of location from one State to another supported by the State Governments concerned and the technical adviser.

(e) Permission for "carrying on business" provided the request is supported by the State Government and the technical adviser.

(f) Regulation of certain types of cases pertaining to the coal industry.

(v) If, however, an application is required to be referred to the Licensing Committee, a summary is prepared by the administrative ministry after taking into account the views of the technical and other authorities and sent to the Ministry of Industry for submission to the Licensing Committee. On getting the summary, the Licensing Committee Section of the Ministry of Industry, which acts as the secretariat of the Licensing Committee, includes the application in the agenda for the next meeting of the Committee. Copies of the agenda papers are circulated to all members of the Licensing Committee. (Membership of the Licensing Committee and the Rejection Committee and their functions have been indicated in Appendix II).

Under the existing procedure, references to the Licensing Committee are made only in cases where applications have been recommended by the administrative ministry. An application which is not recommended by the administrative ministry is not referred to the Licensing Committee, but is placed before a committee which for, ease of reference, is termed as the "Rejection Committee" presided over by a Joint Secretary in the Ministry of Industry.

(vi) The recommendations of the Licensing Committee for the issue of an industrial licence or 'letter of intent' or for rejection of the application (here the recommendation of the Rejection Committee as well) are then submitted to Government. The decision of Government which is taken at the level of the Minister of Industry is communicated by the Licensing Committee Section to the administrative Ministry concerned, which then prepares the licence or letter of intent or rejection letter for issue by the Ministry of Industry.

6. At this stage, it would be relevant to mention a few salient points of the new procedure which has come into force as a result of the recommendations of the Industries Development Procedures Committee referred to earlier.

(a) Having regard to the shortfalls in effective establishment of capacity for the attainment of the plan targets and the need for speedily establishing additional capacity in certain industries, which are vital for the country's industrial development, the Committee divided industries into 'key' and 'non-key' industries. Applications for licences in respect of 'key industries' are to be dealt with under a special procedure intended to ensure speedier disposal.

(b) The new procedure has given formal recognition to what is called the "letter of intent". The letter of intent is to be issued within a month or so of the date of application in respect of cases where licences cannot be issued straightway, but where Government see no objection, in principle, to the grant of a licence at a later date for the establishment of the undertaking. The letter of intent broadly indicates the conditions subject to which the Government would be prepared to consider the grant of a licence and also specifies a definite period varying from 6 to 12 months, depending on the nature of the industry, within which the applicant should come up with definite proposals regarding:

(i) terms of foreign collaboration, if envisaged;
(ii) import of capital equipment, if involved:
(iii) issue of capital.

(c) While the procedure for dealing with applications for establishing a unit or expanding the existing one in a "non-key industry" remains substantially the same as before, under the new procedure applications in respect of 'Key Industries' are to be dealt with expeditiously. As far as practicable, all the three applications, namely, those relating to the terms of foreign collaboration where envisaged, import of capital equipment and issue of capital are considered simultaneously by the Licensing Committee which at that point of time enlarges itself by the cooption of representatives of appropriate agencies to discharge the functions of the Capital Goods Committee as well as the Capital Issue Committee. Once this committee clears the three applications, the applicant is enabled to go ahead with the setting up of his unit in the 'key' sector.

(d) The new procedure also provides that where it is felt that the presence of the applicant or his representative will help the Committee in arriving at a final decision expeditiously, he is given an opportunity to represent his case at the meeting at which his application is considered.

IV. CASE STUDIES

7. It will be seen from the above that applications for industrial licences are received in the Ministry of Industry and final decisions on these applications are also taken in that ministry, whereas the processing of applications is handled in the different administrative ministries concerned. The examination by the Directorate General of Technical Development of these applications only forms a link, though the most important link, in the consideration of these applications. Even if an application is disposed of by the Directorate General expeditiously and without

any delay, the objective of a quick decision would not be achieved if the disposal of the application is delayed elsewhere. The public is really interested in the expeditious issue of industrial licences and not merely in the expeditious disposal of applications in the Directorate General of Technical Development. We, therefore, felt that if our study was to serve any useful purpose, it was necessary that it should cover all stages through which an industrial licence application has to pass, right from its receipt in the Central Registry Section of the Ministry of Industry upto the stage of its consideration by the Licensing Committee and communication of Government's decision to the applicant. This involved a study of procedures not only in the Directorate General but also in the various ministries concerned so that a comprehensive view of the problem could be taken. With this end in view, we had case studies carried out in respect of 152 applications of industrial licences handled in the Directorate General of Technical Development. The studies were conducted right from the stage of handling of the applications in the Ministry of Industry where they were first received, through the stage in the administrative ministries concerned where they were further processed in the light of the comments furnished by the Directorate General and others, to the stage when final orders were issued after consulting the Licensing Committee or the Rejection Committee depending on the nature of the case. Out of 152 applications studied in the Directorate General of Technical Development it was possible to follow-up only 148 cases in the administrative ministries as the relevant papers concerning the remaining four applications were not readily available. Copies of the reports of the two case studies are enclosed at Appendices III and IV.

8. Rule 15 of the Registration and Licensing Undertakings Rules 1952 lays down a period of three months within which decisions should be taken on applications for industrial licences. For various reasons, this provision has, in practice, remained inoperative. The Industries Development Procedures Committee which carried out case studies of a few applications for industrial licences came to the conclusion that a majority of applications took more than 5 to 6 months to be disposed of. In that Committee's view, the delay was due partly to the long time taken in the movement of files from one authority to another and partly to delays inherent in the system involving consultation with multitudinous authorities. The Committee, therefore, suggested a revised procedure for handling these applications with a view to bringing down the disposal time to 6 weeks. It was the expectation of the Committee that, under the new procedure, it should be possible for the Ministry of Industry and the administrative ministries to process an application and to put it up before the Licensing Committee within 5 weeks of its receipt in the Ministry of Industry. Out of these 5 weeks, 3 weeks were to be taken by the technical advice agency for giving its comments, one week by the administrative ministry in preparing the summary for the Licensing Committee, and one week by the Ministry of Industry in performing the centralised functions of receiving and diarising the application, acknowledging it, forwarding it to the administrative ministry, inviting comments of technical advisers, State Govern-

ments and others concerned and finally putting it up to the Licensing Committee. The communication of the decisions to the applicant was expected to take another week. Thus, the entire processing of an application upto the stage of issuing a letter of intent was to be completed in 6 weeks.

9. The case studies carried out by us have revealed that this expectation has not materialised. Of the 152 cases studied, 81 were dealt with and disposed of in accordance with the revised procedure and, in their case, the average disposal time worked out to 145.5 days for applications disposed of in consultation with the Licensing Committee and 98 days for applications disposed of without consultation with the Licensing Committee, the overall average time being 131.5 days. These cases, however, constituted only 66 per cent of cases selected for study. The remaining 33 per cent cases (41 applications) falling in this category were still pending at the time of the study. If these cases are also taken into account and the average is struck on the basis of the entire lot of 121 cases, the average disposal time is likely to work out to 180 days, which would obviously be a more representative figure. Viewed in this context, it would appear that even the revised procedure has not been very effective in reducing the time taken in the disposal of industrial licence applications.

10. The average of 145.5 days mentioned above is made up as follows:—

I. *In the Ministry of Industry*		
(*i*) Receipt in R & I Section and transmission to CLP Section	1·0 day	6·0 days
(*ii*) Routine scrutiny in CLP Section	5·0 days	
II. *In the administrative ministry*		
(*i*) Awaiting comments of the D.G.T.D.	45·0 days	84·5 days
(*ii*) Examination by office of the comments received and putting up the case to officers	20·5 days	
(*iii*) Further processing of case, including back-referencing to the D.G.T.D., the applicant etc.	10·0 days	
(*iv*) Typing of the summary for the Licensing Committee and its despatch to L.C. (Licensing Committee) Section of the Ministry of Industry	9·0 days	
III. *In the Ministry of Industry*		
(*i*) Putting up of the case to the Licensing Committee/Rejection Committee	16·5 days	
(*ii*) Drafting of the minutes	1·5 days	
(*iii*) Approval of the minutes	8·0 days	
(*iv*) Issue of the minutes	5·0 days	
(*v*) Transmission of the minutes to the administrative ministry	7·5 days	
IV. *In the administrative ministry*		
(*i*) Drafting and approval of orders to be communicated to the applicant	9·5 days	16·5 days
(*ii*) Typing of the licence and the forwarding letters, getting the licence signed by the authorised officer of the Ministry of Industry and its issue to the applicant	7·0 days	
Total		145·5 days

V. ROLE OF THE MINISTRY OF INDUSTRY AND OTHER ADMINISTRATIVE MINISTRIES IN INDUSTIRAL LICENSING

11. Before examining how the time taken at different stages can be reduced, we have found it necessary to outline the respective roles of the Ministry of Industry and other administrative ministries in the process of industrial licensing.

12. It is the Ministry of Industry that administers the Industries (D. & R.) Act. This function includes the issuing of notifications exempting certain types of industry or industrial expansion from licensing, the laying down of procedures for considering license applications and the handling of licensing work at the key stages of receiving applications, taking decisions on them in the Licensing and Rejection Committees and authenticating licenses and rejection letters. All these items of work seem to fit in well with the role of coordination of industrial policy assigned to this ministry by the rules of business.

13. The administrative ministries having charge of specific sectors of industry cannot be divorced from the licensing process as licensing is the chief, instrument for developing the industries for which they are responsible. Individual licence applications, have, therefore, to be examined by them in the context of overall considerations like plan targets, regional distribution, priority and so on, and also to see that the individual project for which licence is sought is sound technically and financially. In this scrutiny, administrative ministries lean heavily on the advice of technical agencies like the Directorate General of Technical Development. They also take account of comments, if any received from the State Governments and the Planning Commission. It is the view of the administrative ministry which largely prevails at the decision making stage in the Licensing/Rejection Committee, and this is consistent with the responsibilities shouldered by administrative ministries and particularly with the responsibility of the Ministers there to Parliament.

14. The present procedure governing the handling of license applications recognises the respective functions of the Ministry of Industry and the administrative ministries as outlined above. We have considered whether a shorter procedure can be devised without doing damage to the essential responsibilities of the ministries concerned.

15. Under the present procedure, a license case is considered in a consecutive sequence in the three main organisations—the technical advice agency, the administrative ministry and the Ministry of Industry. Case studies show that on an average 39.5 days are taken up in the administrative ministry from the date of receipt of technical advice up to the sending of a summary of the case to the Ministry of Industry. They also reveal that it was only in 3 out of 81 cases that administrative ministries found it necessary to take a different view from that advised by the Directorate General of Technical Development, presumably because the latter had already taken account of the relevant policy in most of the cases. An average time lag of nearly 40 days does not appear justified when contribution was possible in a marginal

number of cases only. While attempts have been made in the past to impose a time limit for examination of license applications within the Directorate General of Technical Development, no time limit has been prescribed for their processing in the administrative ministries.

16. After careful consideration, we have come to the conclusion that the long delays at present taking place in the administrative ministries need to be looked after, not by prescribing a time limit within the framework of the present procedure, but by changing the procedure itself so as to do away with the practice of considering applications in a consecutive sequence. If all major interests represented on a committee have previously to consider individual items on a file moving from one to the other, the whole point of having a committee is largely lost. The committee method of working requires that there should be an agenda note for each item for consideration and that it should contain enough material to enable a decision being arrived at. It does *not* require that the agenda note should mention in advance the views of all those who will attend the committee meeting any way and will be in a position to have their say at that time. We consider that the secretariat of the Licensing/Rejection Committees should receive direct and as quickly as possible the material without which an agenda note cannot be drafted. In our judgment, this applies only to the advice of technical agencies like the Directorate General of Technical Development. The views of administrative ministries, we consider, are not a 'must' for incorporation in the agenda note, although it would be desirable to include them if received in time. The right stage for administrative ministries to put forward their views would normally be when the relevant item comes up before the Licensing/Rejection Committees. An approach on these lines, would help to break away from the delaying practice of consecutive handling without in any way taking away from the essential role of administrative ministries.

Recommendation

17. Consistent with the above thinking, we recommend the following changes in procedure:

(i) The responsibility for preparing agenda notes (case summaries) for the Licensing/Rejection Committees should be placed on the secretariat of these Committees in the Ministry of Industry, instead of residing in the various administrative ministries as at present:

(ii) The advice of the Directorate General of Technical Development on license applications should go direct to the secretariat of the Licensing Committee with a copy to the administrative ministry concerned.

(iii) The secretariat should proceed to prepare a case summary for submission to the Licensing Committee/Rejection Committee as soon as the advice of the Directorate General of Technical Development is received. If within 10 days of receipt of technical advice the comments of the administrative ministry also come in, they should be incorporated in the case summary and the item brought on to the agenda of the next meeting. Otherwise, the case summary should be finalised without waiting further for the comments of the administrative ministry.

In other words, in all cases, case summaries should be ready for submission to the Licensing Committee/Rejection Committee in ten days from the receipt of technical advice.

(iv) Administrative ministries should arrange for quick consideration of cases in the light of the copies of technical advice received from the Directorate General of Technical Development. If they cannot send their comments to the secretariat of the Licensing Committee within 10 days, they should in any case complete their consideration in time for the next meeting of the Licensing Committee so that their views can be furnished at the meeting itself.

(v) After an application has been considered by the Licensing Committee/Rejection Committee and the Minister's approval has been obtained, the decision should be communicated to the applicant by the secretariat. If the decision is that a licence should be granted, then the formal licence should be issued by the secretariat of the Licensing Committee with copies endorsed to others concerned. If the decision is that a licence should not be granted, the secretariat of the Licensing Committee should inform the party direct with a copy to the administrative ministry concerned.

(vi) The comments of State Governments should also go direct to the secretariat of the Licensing Committee/Rejection Committee.

(vii) The above procedure may also be considered for application to sectors looked after by technical agencies other than the Directorate General of Technical Development.

18. The new procedure suggested amounts to giving the secretariat of the Licensing Committee responsibility for the entire process of receiving applications, obtaining comments of the authorities concerned, preparing summaries for the Licensing Committee/Rejection Committee, informing parties of the outcome, and keeping an eye on pending applications. It would secure two advantages. By eliminating administrative ministries from the chain of consecutive processing, even allowing for the 10 day wait suggested in para 17 (iii) above, a substantial part of the time presently taken by administrative ministries would be saved, without affecting the position of administrative ministries in any real way. Secondly, the secretariat of the Licensing Committee/Rejection Committee would be given a position in which it can help the two Committees to dispose of applications according to a time table, which is not the case at present when the initiative in processing remains largely with administrative ministries.

VI HANDLING OF APPLICATIONS IN THE DIRECTORATE GENERAL OF TECHNICAL DEVELOPMENT

19. The Industries Development Procedures Committee had recommended that the Directorate General should furnish their comments on industrial licensing applications within 21 days. Our case studies have, however, shown that, on an average, the Directorate General took 45 days to furnish their final comments

to the administrative ministry concerned. The analysis of the average time taken at various stages is as follows:—

By Coordination Directorate	5.4 days
By applicants in furnishing information asked for	18.5 days
By sponsoring directorates	30.9 days
By other directorates	18.7 days

20. Under the existing procedure, the copy of the application sent by the Ministry of Industry to the Directorate General is received in the Coordination Directorate through the Receipt and Issue Section and is passed on to the technical directorate concerned after registrations in a separate register kept for the purpose. The technical directorate then examines it in consultation with other directorates if necessary, and final comments on the application are sent to the administrative ministry concerned through the Coordination Directorate. Case studies have, however, shown that, in some cases, applications were sent from the Ministry of Industry direct to the technical directorates and also, in a large number of cases, the final comments of the technical directorate were sent to the administrative ministry concerned direct. We have examined as to how far routing of applications as well as comments through the Coordination Directorate is essential. In practice, it has been found necessary that there should be a central place where information is readily available regarding the industrial licence applications pending in the Directorate General for keeping a regular watch on the disposal of applications and for taking steps to expedite their disposal. We suggest that, while it is necessary that all applications for industrial licences received in the Ministry of Industry should be routed through the Coordination Directorate where they should continue to be registered in an alphabetical order as at present, the comments of the technical directorates need not be routed through the Coordination Directorate but may be sent direct. Under the new procedure suggested in the previous section, the comments will now go direct to the Ministry of Industry, with a copy to the administrative ministry concerned. The technical directorates may endorse a second copy to the Coordination Directorate for making a note in their registers. This arrangement would retain the advantages of routing all applications through the Coordination Directorate as well as reduce the time taken in that Directorate's handling the application to a period which should not exceed a day or two.

Recommendation

21. We also considered the question of reducing the time taken in obtaining additional information from the applicant. Though it is obviously not possible to regulate the time factor on the side of the applicant, it should at least be ensured that whatever additional information is required is called for within 7 to 10 days of the receipt of the application in the technical directorate.

Recommendation

22. The case studies report indicates that on an average 10.5 days are spent in the sponsoring directorate in the handling of an application at the level of Junior Technical Officer and below.

We consider that there is scope for expediting work here. It is our view that after the introduction of the officer-oriented system of working in the Directorate General and the adoption of the drill proposed in the succeeding para the time spent on an application at the office level will be automatically reduced to a considerable extent.

Recommendation

23. For handling of applications in technical directorates, we recommend the following drill:—

(i) As soon as an application is received, it should be submitted in dak to the Development Officer and the Assistant Development Officer concerned. If these officers have any directions to give in regard to the manner of examination of the application, they should do so at this stage.

(ii) Thereafter, the initial scrutiny of the application should be carried out by the Assistant Development Officer or the Development Officer as the case may be. If he finds it necessary to collect any further information which will enable him to deal with the application, he should do so. If any further information is required from the applicant, he should address the applicant to submit the requisite information within 10 days.

(iii) As soon as this information has been collected, the Assistant Development Officer, where available, should deal with the application and submit it to the Development Officer with his comments. Where there is no Assistant Development Officer the application should be dealt with by Development Officer, who should submit it to the Industrial Adviser with his comments. The Industrial Adviser should pass final orders on the application except in cases which he considers important enough to be brought to higher notice.

(iv) Thereafter, the comments should be drafted by the Assistant Development Officer or the Development Officer and submitted to the Industrial Adviser for approval. In the case of drafts prepared by Assistant Development Officers, it should be necessary to route them through the Development Officers.

(v) The fair comments may be signed by the Development Officer or Assistant Development Officer, and sent to the Licensing Committee Section of the Ministry of Industry with a copy each to the administrative ministry and the Coordination Directorate.

(vi) In order to keep the Deputy Director General and the Director General also in the picture, it is recommended that every week a statement showing the cases which have been disposed of finally at a level lower than the Director General should be prepared and submitted for information to the Deputy Director General and the Director General.

(vii) Case studies have shown that some applications were finally disposed of at the level of Development Officer. In view of the importance of such applications, it is considered that no application should be disposed of at a level lower than that of Industrial Adviser. Instructions to this effect already exist and we recommend that they should be enforced.

(viii) If, in any case, it becomes necessary for the sponsoring directorate to consult another directorate, it should be the responsibility of the sponsoring directorate to obtain the comments of the other directorates and, thereafter, to formulate the final consolidated comments of the Directorate General. This recommendation has been made because, during the course of case studies, it came to notice in a few cases that different directorates sent their comments to the Coordination Directorate leaving it to the latter to consolidate the comments, which responsibility obviously could not be thrown on the Coordination Directorate.

24. Consultation with other directorates generally becomes necessary when an application covers more than one item of manufacture handled by different directorates. In the other directorates also, the application has to undergo scrutiny similar to the one carried out in the sponsoring directorate. Naturally, therefore, the disposal of such an application takes longer than where no consultation is required. Case studies have shown that in cases where other directorates had to be consulted, the average time taken was 61 days, as against 33 in the case of applications where such consultation was not involved. For quick processing in cases where more than one directorate is involved, we recommend that the applicant may be required to submit separate applications for separate items of manufacture, except in respect of items which can be manufactured with the same plant and machinery. This would to a large extent obviate the need for consultations with other directorates in respect of any single application. It will also discourage the unhealthy practice of an applicant attempting to secure an industrial licence for various items at one stroke when it may not be within his resources or even his genuine intention to embark on such a multitude of products, unnecessarily blocking capacity for industrial licensing in the different items.

Recommendation

25. We now come to the question of fixing a time limit for the consideration of license applications in the Directorate General. The Indutsries Development Procedures Committee recommended that the Directorate General should finalise their comments within 21 days. Case studies have shown that this target has usually not been achieved. It has also been brought to our notice that, as a result of this time limit, the examination of industrial licensing applications in the Directorate General has gone down in quality. This is most unfortunate, because scrutiny of license applications in the Directorate General is probably the most vital stage in the processing of applications. We feel that it would not be desirable to lay too much stress on time reduction at this stage as any such reduction affects the quality of the examination and would also not be of much significance when considered against the background of a much longer period taken in the issue of an industrial licence. This after all is a stage of substantive scrutiny, compressing which without tackling the time consuming stages in other organisations reflects a certain lack of proportion. In so far as Directorate General are concerned, we feel that it should suffice if they can dispose of an industrial licence application within a period ranging from 21 days to 45 days. Our intention is that where no additional information or clarification is to be called for from an applicant and no inter-directorate references are involved.

Recommendation

it should be possible for the Directorate General to dispose of an application in 21 days. But where additional information has to be called for and where inter-directorate references are involved, the organisation would necessarily have to take longer; on the whole, it should be possible to dispose of such an application within 45 days. If, however, an applicant takes an unduly long time in furnishing additional information or clarification, then the period allowed to the Directorate General would necessarily have to be extended.

VII. HANDLING OF APPLICATIONS IN THE MINISTRY OF INDUSTRY

26. Some aspects of handling in the Ministry of Industry have been dealt with in Section V. In this section, some other aspects are dealt with.

27. As against 24 hours within which the C.L.P. Section is required to acknowledge receipt of an application, endorse copies thereof to the Directorate General of Technical Development, State Governments and transmit one copy of the application to the administrative ministry for further action, the actual time taken was 5 days on an average. Case studies have shown that if the application is complete in all respects, the C.L.P. Section does not normally take more than a day in completing the above mentioned formalities. Such cases, however, constitute only 68 per cent of the cases received. The remaining 32 per cent are deficient in one respect or other necessitating correspondence with the applicant. The time taken in such cases works out to 14.2 days per case. The deficiencies noticed are non-receipt of the requisite number of copies of application, not crediting the fees to the correct head of account or non-receipt of the treasury challan. In this connection, we would like to make the following recommendations:— **Recommendation**

(a) An explanatory memorandum should be attached to the application form which would help the applicant to fill in the form properly and to satisfy the requirements of the rules.

(b) Incomplete application should be returned by the Ministry of Industry (C.L.P. Section) to the applicant straightaway pointing out the defects.

(c) In addition to the items at present checked by the C.L.P. Section, this section should also check whether information has been furnished against all the columns of the application. This is necessary because, if the application is incomplete in any respect, then the Directorate General of Technical Development would have to enter into correspondence with the applicant which would naturally lead to delay in the disposal of the application. Of course, the Ministry of Industry can only check whether there are entries in all the columns of the application; the completeness or adequacy of the entries cannot be checked at this stage.

(d) Where the Ministry of Industry can easily make out that an application pertains to an industry which is included in the banned list, it should immediately return it to the applicant and should not refer it to the Directorate General of Technical Development for technical comments unless there are any special circumstances justifying the consideration of that application.

(e) It has been observed that, in some cases, an entrepreneur sends an application with a covering letter in which material information in connection with the application is furnished. Such information could be of use to the Directorate General of Technical Development, but, according to the present practice, the covering letter is received which gives additional material one copy is received. It has been suggested that the entrepreneur should be asked to furnish as many copies of the letter as of the application. We, however, feel that there is no reason why the application itself should not be self-contained, thus obviating the necessity for a covering letter. We therefore, suggest that a note should be added at the bottom of the application form stating that the application should be self-contained in itself. If, however, inspite of this, a covering letter is received which gives additional material information regarding the application, then the Ministry of Industry should also pass this on in original to the Directorate General along with the copy of the application and the latter should return it along with their comments on the application.

28. It was noticed from the studies conducted that obtaining the orders of the Licensing Committee/Rejection Committee took 16.5 days on an average. The delay at this stage represents the time-lag in holding meetings of the Licensing Committee/Rejection Committee. The Licensing Committee is required to meet once in a fortnight. During February 1964 to January 1965, the Committee held 26 meetings with an average interval of 14 days, the maximum interval being 26 days. The Rejection Committee did not, however, meet so frequently although it is expected to meet once a month: the actual frequency of its meetings during the year under review was once in six weeks, the maximum interval being 72 days. It is recommended that regular days should be fixed for the meetings of these committees once a fortnight and steps taken to ensure that the meetings are held without fail on those days.

Recommendation

29. The series of operations relating to the minutes of the meeting took on an average 22 days in the cases covered by the studies. While drafting took only 1.5 days, the other stages, particularly the routine operations of typing and despatch took an unduly long time. Neither typing nor despatch should ordinarily take more than 2 days each against the 5 and 7.5 days they are taking at present. Nor should the business of obtaining the approval of the Minister on which 8 valuable days are being lost on the average today. We suggest that it should be possible to complete all these operations in 7 to 8 days: allowing for contingencies when the Minister is not available, we feel that in no case should this process of issuing minutes exceed 14 days.

30. The average time taken at the stage of issuing a licence or a letter of intent or a rejection letter in the cases studied has been found to be 16.5 days. The action required at this stage consists of taking out extracts from the minutes of the Licensing Committee putting them up on the relevant file with draft licence etc., getting the approval of the concerned officers and finally issuing orders after obtaining the signature of the duly authorised officer of the Ministry of Industry in cases where licences or rejection memoranda are to be issued. In our view, all these operations call for only a routine type of action and it should not be difficult to complete them within a maximum period of 7 days.

Recommendation

31. The present procedure requires the C.L.P. Section to keep watch on the disposal of industrial licence applications. To enable it to discharge this function, copies of all relevant material such as summaries, letters of intent, rejection memoranda etc., are furnished to it by the administrative ministries. On the basis of this material, the C.L.P. Section is expected to complete its record and prepare a list of applications pending for more than six weeks and bring all such cases to the notice of the Licensing Committee. The case studies have revealed that although all relevant information is being made available to the C.L.P. Section, it is rarely made use of with the result that the section records are incomplete in several respects. For the purpose of preparing a list of pending cases, the C.L.P. Section calls for the required information each month from the administrative ministries in a prescribed form instead of preparing such a list from its own records. The result is that the preparation of such a list takes a long time and by the time it is put up to the Licensing Committee, it gets out of date. The time-lag between the preparation of the list by the administrative ministry and its submission to the Licensing Committee ranges from 9 to 40 days. For an appropriate follow-up of pending cases, it is recommended that C.L.P. Section should keep a watch on the disposal of the applications, and maintain its own records up to date. The C.L.P. Section should itself prepare the pending list without any delay and without calling for such lists from the administrative ministries.

Recommendation

32. Although pending cases are discussed at meetings of the Licensing Committee, no formal instructions are given to the departmental representatives for expediting the disposal of pending applications. We recommend that the pending list should be formally brought on to the agenda of each meeting for discussion, so that the decisions of the Committee thereon can be incorporated in the minutes.

Recommendation

33. We noticed from our discussions that the C.L.P. Section of the Ministry of Industry is required to submit to the Reviewing Sub-committee of the Central Advisory Council of Industries the statistics of time taken in the disposal of industrial licence applications as also the statements of acceptance and rejection of cases. To enable the Reviewing Sub-committee to do a meaningful examination of these statements, we recommend that they should be prepared on an industry-wise basis. The C.L.P. Section should also provide the Reviewing Sub-Committee with details of all applications which have been pending disposal for more than 3 months after their receipt.

Recommendation

VIII. TIME TABLE FOR HANDLING LICENCE APPLICATIONS

Recommendation

34. With the recommendations made above, it should be possible to shorten the time taken in processing licence applications considerably. From the average of 145 days, it should be possible to come down to about 70 days in the more simple cases and about 100 days in others. We recommend the following time-table, incorporating the suggestions made earlier:—

Routine scrutiny, sending of acknowledgements and endorsing copies of applications to the Directorate General of Technical Development, State Governments and others	4 days
Technical scrutiny by the Directorate General of Technical Development	21 to 45 days
Compilation and examination of the comments received from the Directorate General of Technical Development, State Governments, etc. and preparation of draft summaries/notes for the Licensing Committee/Rejection Committee	14 days
Obtaining the approval of the Licensing Committee/Rejection Committee	14 days
Issue and communication of minutes of the meetings of the Licensing Committee/Rejection Committee	10 to 14 days
Issue of final orders, i.e. Licence/Letters of intent/rejection memoranda .	7 days
	70 to 98 days

This time-table is broadly in consonance with the provision in the Act that a decision on an application for an industrial licence should be taken within 3 months. It also cuts down the time spent on routine operations such as registration, preliminary scrutiny, typing, despatch etc.

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CHAPTER IV

INDUSTRIAL LICENSING—(MISCELLANEOUS)

In the last chapter, the emphasis was on speeding up the process of industrial licensing. We now deal with certain other aspects.

Review of industrial licensing policy

2. Policy governing industrial licensing is reviewed every six months and announced in the form of two lists:—

(a) List of 'banned industries' also known as the 'rejection list'; licences for these industries are not to be granted and applications may be rejected without reference to the Licensing Committee.

(b) The 'merit list', which names industries for which applications may be entertained, provided that each case will be decided on merits by reference to the Licensing Committee.

There are no restrictions on licensing in respect of industries other than those included in the above two lists.

3. The six-monthly review is made by a committee of officials headed by a Joint Secretary of the Ministry of Industry and is confined to a review of the 'rejection list' and the 'merit list' on the basis of recommendations received from sponsoring authorities like the Directorate General of Technical Development and other organisations like the Planning Commission, the Council of Scientific and Industrial Research etc. We took note of a criticism that the categorisation of industries in the 'banned' or 'merit list' was being done purely on the basis of targets of capacity and capacity licensed on paper without reference to the actual production and the utilisation of capacity already installed. It was pointed out that the creation of new capacity did tend to lead to lesser allocations of imported or scarce raw materials/components to the existing units thereby leading to a greater under-utilisation of capacities earlier installed. While there is some force in this argument, we could not see how there could be a hard and fast rule in this regard, particularly as a decision to put an industry on the 'banned list' just because the existing capacity in it is not being fully utilised at the present moment could lead to a long term shortfall in the build up of capacity which would be even more acutely felt when the position of raw material, components, etc. improves. On balance, therefore, we came to the conclusion that the only possible way of taking care of the situation would be to pay particular attention at the time of the periodical review of the policy to those industries where there is already under-utilisation due to paucity of foreign exchange or shortage of raw material; the aim should be to ensure that ordinarily no new capacity is encouraged in these industries unless the existing capacities are utilised upto an optimum level to be determined for each industry on the basis of the forecast of resources that would become available at a future date and the gestation period for the setting up of new capacities.

Recommendation

4. Another criticism of the six-monthly review of policy that was brought to our notice was that in the case of industries where the process of negotiation for foreign collaboration, capital issue, etc. takes anything upto six months or more, a change of policy every six months creates a sense of uncertainty. The suggestion was that industrial licensing policy should remain unchanged for a year and reviewed only then. We have carefully examined this suggestion and would recommend that, as a general rule, industrial policy should be enunciated once a year on a formal basis. This should not, however, preclude a review of the policy every six months or in strategic industries even more frequently, the changes, if any, arising out of such reviews being made known through a public notice. It is also our considered view that such changes during the currency of the licensing policy enunciated for a particular year should be more an exception than the rule.

Recommendation

5. One other criticism to which we gave some thought was that after the announcement of industrial policy for a particular period, enough time is not given to all entrepreneurs who may wish to apply for licences, with the result that those who are in the early know of things apply immediately after the announcement, thereby securing the advantage of commitment of the available capacity in their favour in preference to those who might have taken more time to send in their applications for want of prior knowledge. Apart from the fact that such a procedure does not afford equal opportunity to all applicants, it also appears to deprive the Government of the opportunity of considering the *inter se* merits of different applications for setting up units in the same industry and selecting the most suitable out of them. To provide the necessary safe-guards in this behalf, we recommend that—

Recommendation

(a) decisions regarding industrial policy for a year, as also any changes accepted by Government in mid-year, should be made known to the public within the minimum practicable number of days after the Policy Reviewing Committee has made its recommendation; and

(b) all applications for setting up units in an industry affected by the changes in the industrial policy received within 30 days after the announcement of the policy should be included together in the agenda for consideration by the Licensing Committee.

6. We also observed that revision of industrial policy is done only in respect of scheduled industries coming under the purview of the Industries (Development and Regulation) Act, 1951. No such clear cut enunciation of policy is made for the medium or small scale industries with the result that at times the object of a particular change in industrial licensing policy is defeated by developments in these other sectors. The industry which is 'banned' in the large scale sector can still develop in some form or the other in the small or medium scale sector preventing the optimum utilisation of scarce raw material, technical manpower, etc. In this connection, it was suggested to us that there should be close coordination between the Directorate General of Technical Development and the Development Commissioner, Small Scale Industries. The only recommendation which we

wish to make in this regard is that for facilitating such coordination between the Directorate General and the Development Commissioner, Small Scale Industries, the latter should make available to the former complete information in respect of the capacities installed in the small scale sector just as the Directorate General make such information available about the capacities in the larger scale sector. **Recommendation**

Phased programme for licensing

7. It has been suggested to us that there should be a phased programme for licensing of industries so that their development could be spread over the entire period of a Plan. In support of this suggestion, it has been mentioned that for the Third Five Year Plan, licences in many industries were issued almost to the ceiling limit of targetted capacity even by the time of commencement of the Plan or in the first year of the Plan. It is urged that in view of the scarcity of foreign exchange and certain raw materials and the tight position in the capital market, the issue of a large number of licences in a relatively short period throws considerable strain on the limited resources which tend to get apportioned over a large number of claimants with the result that the licencees are unable to implement schemes as expeditiously as required. It is argued that if, on the other hand, the number of licences issued at any period of time is restricted, the strain on resources would, to that extent, be reduced, with the possibility of a much higher percentage of licences being implemented.

8. The following points have, however, been urged against the suggestion to phase out the industrial licensing programme:—

(a) Where the licences have been issued in full in the beginning of the Plan, it becomes possible to carry out periodical reviews of the position during the Plan period and where it is found that the parties would not be able to implement their licences, steps are taken to revoke those licences and issue fresh licences to other parties. If, on the other hand, phasing of industrial licensing is adopted, short-falls in implementation which are bound to occur would come to notice rather late, and, to that extent, the time available to fresh licensees for setting up capacity to make up the short-falls would be correspondingly reduced.

(b) Again, if licensing is to be done according to a phased programme, one other result would be that applications received in excess of the available target, would have to be carried over to the next licensing period. No useful purpose would be served by delaying the consideration of these applications for one more licensing period merely for the sake of phased licensing. Greater advantage would lie in this very period being allowed to be utilised by the licensees for implementing their schemes.

(c) If licensing is restricted according to a phased programme, it could also lead to trafficking in licences with its attendant evils.

On the whole, therefore, we are of the view that it would not be desirable to introduce a system of phasing of industrial licensing. Nevertheless, a careful watch should be kept on the

Recommendation

implementation of licences so that a licence can be revoked at the earliest point of time when it is found that a licensee is not likely to implement his scheme, thereby releasing industrial capacity for being utilised by other entrepreneurs.

Out of turn consideration of applications

9. We considered a suggestion that applications for industrial licensing should not be considered out of turn. In this connection, we noted that in the pro forma in which the Directorate General of Technical Development are required to give their technical comments on an application the position regarding applications already rejected as well as those that are pending is also required to be indicated. We are, therefore, satisfied that there already exists a machinery which ensures that no prior application is left over without being considered.

Representations

10. It is inevitable that in a matter like industrial licensing there should be complaints. Dissatisfaction in the entrepeneur clientele exists on two counts: delays, and unjustified rejections. Delays will, we hope, be looked after by the arrangements suggested in the last chapter in regard to keeping a watch on pending applications. Here we are concerned about how to deal with the cases of persons who feel their applications have been wrongly turned down. We have assumed that it is a desirable objective to have an adequate system for looking into the cases of aggrieved parties, and that such a system is particularly necessary in activity like industrial licensing. An effective redress machinery is not only a powerful corrective for possible wrong decisions and malpractices, but also creates confidence both in the clientele public and amongst those within Government who try to do their jobs honestly and correctly.

11. There is already a non-statutory provision under which parties whose licence applications are rejected can prefer appeals. The appeals are considered in the administrative ministries concerned, where the effective decision is taken. If there are no grounds for reopening a case, the administrative ministry reject the appeal and inform the party. If the appeal is found to be acceptable, the administrative ministry refer the case again to the Licensing Committee. In this arrangement, two basic principles of natural justice remain unfulfilled. Effectively the appeal is decided by the very authority on whose recommendation the rejection appealed against was probably orderd; ordinarily appeals should be considered by a different, and preferably a higher authority. Also, nothing is laid down about giving the appellant an opportunity to be heard. Because of these defects, there is likelihood of aggrieved parties retaining a feeling of not having had a fair deal in their appeals however correct the actual decisions in their cases may be.

12. There is then an institution known as the "review committee". This is really a sub-committee of the Central Advisory Council of Industries and consists of eminent non-officials, including representatives of industry. A statement of all rejected cases is placed before this committee every six months, the object being to enable the committee, and through it the Central Advisory Council, to judge where changes in policy need to

be recommended to Government. Apart from the fact that the main purpose of the committee is not to redress individual grievances, there is also the difficulty that the agenda for these six-monthly meetings is voluminous and renders detailed scrutiny of individual cases impracticable. Furthermore, the committee does not have its own independent secretariat to help in the business of impartial and detailed examination of each case. At most members of the committee can raise cases about which they have been individually briefed in advance by the aggrieved parties. Even then, the committee can only advise. As a redress machinery, thus, the review committee has severe limitations.

13. From a purely juridical point of view, the ideal arrangement would be to have an appellate forum higher in authority than the decision making level, and to provide for appellants to be given personal hearings before this forum. A statutory arrangement in the form of an administrative tribunal is part of the wider question of administrative tribunals generally, and perhaphs beyond our scope of enquiry. A non-statutory forum also is not a practicable proposition, because decisions in licensing cases are taken by Government themselves (the Licensing Committee acting as a recommending authority) and there cannot be a non-statutory forum superior to Government.

Recommendation

14. After much thought and deliberation, we have decided to recommend an arrangement which is essentially an informal one, but which for that very reason is likely to be the most practical and effective. We suggest that there should be an "appeals sub-committee" of the Licensing Committee, consisting of the Chairman of the Licensing Committee, the secretary of the administrative ministry concerned and the Director General of Technical Development or other technical adviser concerned, which should consider all appeals, give hearings to parties if they wish to be heard, and recommend reconsideration to the Licensing Committee where justified. In practice there would have to be several appeals sub committees, one for each sector of industry looked after by a separate ministry. There would undoubtedly be additional work involved, but by grouping appeals relating to a particular administrative ministry for being heard on one day it should be possible to make the system workable. While there may be a heavy workload initially, over a period of time the number of appeals and the work involved in each may come down. We venture to express the hope that a system of hearings parties in appeal cases may bring with it benefits of a far reaching kind. While these appeals sub-committees would not have the authority to take final decisions, in view of their high-level composition, their views would in actual practice generally carry conviction with the Licensing Committee. Adequate staff should be provided to service the sub-committees.

G "RETURN"

15. The issue of a letter of intent or industrial licence is only the first step towards the setting up of an industrial unit. After the receipt of such a letter or licence, the entrepreneur has not only to obtain other clearances from governmental authorities,

but also take the necessary steps at his own end that would enable him to set up capacity. Units for the establishment of which plant and machinery items are required to be imported have to obtain clearance from the Capital Goods Committee, while those involving foreign collaboration have to get the terms of such collaboration approved by the Foreign Agreements Committee. Practically all units have to get the sanction of the Controller of Capital Issues for raising the necessary finances. Effective steps are also required to be taken for the acquisition of land, the construction of factory buildings, and the recruitment of technical and managerial staff. All these steps take time, and there is usually a considerable time lag between the date of issue of a letter of intent/licence and the date of commencement of production. Even after productian starts, there is work to be done to achieve full sanctioned capacity. On the side of Government, all this calls not only for a close watch on the progress of units till they go into production, but also for a meaningful policy of giving them assistance at every stage, so that production capacity as licensed is built up in the shortest span of time. There is also the need to weed out inefficient or spurious units which do not take earnest steps to implement schemes so that the capacity released by revoking their licences can be made available to other entrepreneurs. The mechanism with the help of which this kind of watch is kept on units licensed in the scheduled industries is the so called "G" return, which shows the progress of implementation of a scheme licensed under the Industries (Development and Regulation) Act.

16. "G" returns are to be submitted in accordance with the provisions of rule 19 of the Registration and Licensing of Industrial Undertakings Rules 1952, which reads as follows:—

"(1) Every owner of an industrial undertaking in respect of which a licence or permission has been granted shall send every half year ending 30th June and 31st December, commencing from the date of grant of the licence or permission, as the case may be, till such time as the industrial undertaking commences production a return in form 'G' appended to these rules to the Ministry of Commerce and Industry, Government of India, New Delhi. The return relating to every half year shall be sent within one month after the expiry of that half year.

(2) Where any condition has been attached to a licence or permission granted in respect of an industrial undertaking to the effect that certain steps should be taken within a period specified therein, every owner of such an undertaking shall send a return, with five spare copies, in form 'G' appended to these rules, to the Ministry of Commerce and Industry, Govt. of India, New Delhi showing the progress made in taking such steps at the expiry of the period so specified. The return shall be sent within a period of seven days from the expiry of the period so specified.

(3) Every owner of an industrial undertaking which has been registered by reason of effective steps having been taken for the establishment of that undertaking

> before the commencement of the Act shall send, every half year ending on the 30th June and the 31st December 1953, till such time as the industrial undertaking commences production, a return, with five spare copies, in Form 'G' appended to these rules, to Ministry of Commerce and Industry, Government of India, New Delhi, or to any authority appointed by it in this behalf. The return relating to every half year shall be sent within one month of the expiry of that half year."

The Ministry of Industry have appointed the Directorate General of Technical Development as the authority to receive 'G' returns on their behalf.

17. It will be seen that irrespective of the date of the grant of an industrial licence, the 'G' return is required to be submitted by the licensee twice a year showing the progress made in the implementation of the project up to the end of June and December, respectively. A licensee is required to continue to submit this return until the project has been completed and is ready to go into production. The intention in prescribing this return is to ensure that Government is kept informed of the progress made by a licensee in establishing an undertaking in respect of which a licence was issued. In case a licensee fails to make any satisfactory progress without reasonable cause within the time limit specified therefor or within such extended time limit as might have been granted, action can be initiated to revoke the licence.

18. The implementation of a project can be divided into two stages. The first stage contemplates the taking of "effective steps" which have been defined as follows:—

(a) that 60 per cent or more of the capital issued for the industrial undertaking has been paid up; or

(b) that a substantial part of the factory building has been constructed; or

(c) that a firm order has been placed for a substantial part of the plant and machinery required for the undertaking.

The second stage is the actual commencement of production. The periods allowed for taking effective steps and commencing production are usually set out in the licence itself.

19. Based on random sampling, a study of 25 cases was made in regard to the handling of 'G' returns received in the Directorate General of Technical Development. The study brought out the following facts:—

(a) In these 25 cases, 175 returns should have come in but actually only 116 returns were received. Of the latter, only 24 were received in time and the remaining were received after an average delay of 46 days ranging from one day to 304 days. As against 151 cases of delay or non-submission of returns, reminders were issued in only 28 cases.

(b) Normally six months are given to a licensee for taking "effective steps". In deserving cases, longer periods are also allowed. Of the cases studied, 72 per cent of the licensees were

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required to take effective steps within 6 months and the remaining 28 per cent within periods ranging from 6 months to 2 years and 8 months. In 12 per cent of the cases, effective steps were taken within the prescribed time-limit. In 80 per cent of the cases, there was delay in taking effective steps ranging from 3 days to 1,202 days.

(c) Normally 12 months are allowed for starting production, though in deserving cases longer time is also allowed. In 9 cases out of the 25 studied, the firms were required to commence production within one year of the issue of licence while in the remaining cases the time ranged from one year and three months to 7 years and 8 months. In three cases, production started within the prescribed time-limit, but in 80 per cent of the cases delay in starting production ranged from 7 days to 1,050, days.

(d) Excluding 5 cases in which the undertakings started production in time and one case in which the licence was revoked, extensions were required in the remaining 19 cases. Actually however, extensions were granted in only 11 cases as shown below:—

No. of extensions granted (each case)	No. of cases in which extensions were allowed for	
	Effective steps	Starting production
1	3	3
2	1	6
3	1	1
5	..	1
		11

In the remaining 8 cases, no extensions were applied for although the undertakings commenced production after the expiry of the validity period of their licences. The time lag between the expiry of the validity periods of the licences and the dates of commencement of production ranged between 7 and 857 days. In none of these cases was any action taken against the defaulting firms.

(e) The delay in commencement of production necessitating the grant of extensions was attributable to the following causes:—

(i)	Delay in approval of terms of foreign collaboration	2
(ii)	Non-availability of cement, power and water supply	1
(iii)	Delay in the issue of import licence ...	4
(iv)	Delay in getting loans from ICICI, IFC, etc.	2
(v)	Delay in the issue of capital ...	1
(vi)	Delay in delivery of equipment ...	1
(vii)	Lack of sufficient order	1

There is no evidence to show that any assistance was rendered to the licensees in removing these bottlenecks particularly where

Government agencies were involved. Extensions were granted liberally and at the request of the licensees. There is no single case in which an application for extension was rejected.

(f) Out of 116 returns received in 25 cases, 15 returns had become out of date and were filed while 101 returns were disposed of at various levels as indicated below:—

(i) By Assistant	... 1
(ii) Section Officer	... 11
(iii) By junior technical officer	... 3
(iv) By assistant development officer ...	... 68
(v) By development officer	... 31
(vi) By industrial adviser	... 2

(g) The noting within the Directorate General on these returns reveals that they were put up to officers merely for information. In only 2 cases was action initiated to revoke the licences. In one of these cases, the licence was actually revoked by the Licensing Committee on the recommendation of the Directorate General because the firm could not secure a loan from the Industrial Credit and Investment Corporation of India Ltd., which was one of the conditions on which the licence was granted. The licence was revoked after 3 years, 9 months and 19 days of its issue, although the firm had been required to take effective steps within 6 months and start production within 12 months of the grant of licence. No extension of the licence was asked for by the firm in this case. In the other case, where revocation of the licence had been contemplated on grounds of unsatisfactory progress, the matter was dropped because, while the case was under consideration, the licensee effected a merger with another unit and the ministry had to regularise a *fait accompli*.

20. The 'G' return is a very important instrument in the hands of Government for keeping a close watch on the progress and implementation of private sector projects. If this return is properly filled in and submitted in time by all licensees, and is carefully scrutinised by the licensing authority, it can enable Government to make a fairly accurate assessment of the extent of achievement of the industrial programme on a year to year basis in relation to the overall Five Year Plan targets. It is, therefore, necessary that this return should be received in the Directorate General regularly and punctually, and should give complete information. The results of the case studies mentioned above, however, indicate that at present this is not the position. It appears that sufficient importance is not being attached to the regular and timely receipt of this return. It is, therefore, recommended that instructions should be issued to all concerned in the Directorate General that a close watch should be kept on the timely receipt of 'G' returns and where they are not received in time, regular reminders should be sent to the units concerned. If a unit fails to submit such a return, suitable action should be initiated against it.

Recommendation

21. The information contained in the 'G' return forms the basis for determining whether a project is making satisfactory

progress or not. The return also enables the authorities to decide whether the request of a licensee for an extension of time is justified or whether the lack of progress would justify the licence being revoked. It has to be appreciated that where a licensee continues to hold on to a licence without making any determined efforts to establish the unit, he is only blocking the capacity in that industry from being utilised by other entrepreneurs who may be willing and keen to establish an undertaking in that industry. We may mention here that the Santhanam Committee made the following recommendation:

> "Licensee should be required to adhere to a time schedule for fulfilling the conditions of the licence. Unless the entrepreneur can show that the implementation of the scheme was delayed by causes beyond his control prompt steps should be taken for cancellation of the licences."

Recommendation

It is, therefore, not only necessary that 'G' returns should be received regularly and in time, but it is equally important that they should be very carefully examined with a view to finding out as to whether a licensee is really taking adequate steps to establish the unit for which he was granted a licence. Where it is found that a licensee is not making any worthwhile progress, it would be desirable to revoke his licence at the earliest opportunity so that the capacity heretofore blocked by him can be released to others. The result of the case studies has, however, shown that in many cases these returns were disposed of at very junior levels and, as such, had not received adequate attention in the Directorate General. We, therefore, recommend that all 'G' returns must be put up at least to the level of Development Officer, who should examine them carefully. Where it is noticed that reasonable progress is not being made, the matter should be brought to the notice of higher officers for considering the future line of action.

22. (a) Case studies show that time-limits originally prescribed for taking "effective steps" and for "starting production" at the time of granting licences are not based on realistic estimates. To give an example, in one case where the time required for starting production was estimated as one year, the firm took only 7 months and 17 days, but in another case where also the time estimated was one year, the firm could actually commence production only after as long a period as 7 years, 10 months and 6 days. The result is that the licensees are not able to adhere to the set time schedules, and have to come up for extensions, which in the interest of industrial development have to be granted rather liberally. The normally stipulated periods of 6 months for taking effective steps and 12 months for the commencement of production might have been adequate some years ago, but these time-limits no longer seem to be realistic. In view of the present day shortage of building materials like cement and steel, difficulties in procurement of land and power, long waits involved in obtaining clearance of foreign exchange for the import of capital goods and finance from financial institutions, it takes much longer for a licensee to be in a position to take "effective steps" or to establish an undertaking than it did some years ago. The effect of persisting

with the time-limits arrived at some years ago is that numerous extensions have to be applied for and granted as a matter of course, and this unnecessarily increases work all round.

(b) At present, three kinds of effective steps have been prescribed as indicated in para 18 above. We feel that step (iii) namely, that a firm order has been placed for a substantial part of the plant and machinery required for an undertaking, is the only really effective step because until this has been done, no real progress in the implementation of the scheme can be deemed to have been made. We would, therefore, recommend that this step alone should be adopted as the effective step and that the other two steps should be left out of consideration.

Recommendation

(c) Under the existing procedure in cases where a letter of intent is granted an industrial licence is issued after the various other clearances such as capital goods licence etc. have been obtained. In such cases, it should not be difficult for an applicant to place an order for a substantial portion of the plant and machinery required within the period of six months from the date of issue of the licence. A period of six months should, therefore, ordinarily be regarded as adequate for the purpose of taking the effective step in such cases.

Recommendation

(d) In view of the suggestion made above regarding the adoption of step (iii) alone as the effective step, it is felt that there should be a provision for automatic revocation of a licence if this effective step is not taken within the prescribed time-limit or the applicant does not apply for an extension of this time-limit in time. It is, therefore, recommended that it should be provided in the licence that if this effective step is not taken within the period specified in the licence, the licence would be deemed to have been automatically revoked. If a licensee is unable to take this effective step within the prescribed time-limit, for valid reasons which are beyond his control, it would be incumbent on him to apply in advance for the grant of extension of the period specified in the licence and it would be for Government to decide whether such an extension should be granted or not taking into consideration the reasons advanced by the licensee. This procedure would ensure that instead of the existing practice under which licences continue to remain in force for indefinite periods, a licence would automatically get cancelled if the effective step is not taken within the prescribed time-limit and the applicant does not succeed in obtaining from Government an extension of the time prescribed in the licence for taking effective steps.

Recommendation

(e) As regards the time to be allowed for starting production, this period should be prescribed for each application by the Licensing Committee on the merits of the application taking into account the scarcity and other prevailing conditions and the nature and complexity of the industry involved. For this purpose, the Directorate General should, in their technical comments, include a specific recommendation for the time-limit to be prescribed for commencing production. If this time is prescribed on a realistic basis, it would become possible to deal more effectively with applications for extensions because extensions would then become an exception rather than the rule.

Recommendation

23. We notice that copies of 'G' returns are endorsed by the Directorate General of Technical Development to the administrative ministry concerned, the Department of Economic Affairs and the Planning Commission on the one hand and State Directors of Industries on the other. It is not known if the various Central authorities make any use of this return. During the course of our study of the forms and returns used in the Directorate General it has been noticed that the Directorate General have to submit a monthly report in regard to the progress of implementation of projects. Even otherwise action for extension or revocation of a licence is taken only on the basis of the specific recommendation of the Directorate General. In the circumstances, it is recommended that the Central authorities should be asked to examine whether they really make any use of these returns and, if not, the supply of copies of this return to these authorities should be discontinued. As regards State Directors of Industries, copies of 'G' returns should more appropriately go to them direct from the undertakings concerned. The Directors of Industries should also be required to examine the returns carefully and if any difficulties have been referred to which can be solved at the State level then they should take steps to assist the licensees in solving them.

Recommendation

24. According to sub-rule (i) of rule 19 referred to above, 'G' returns should continue to be submitted until such time as an industrial undertaking commences production. It can happen that an industrial undertaking might instal only a small portion of its licensed capacity and start production. There might also be cases in which, against an industrial licence issued for more than one end-product, the scheme may be implemented only in respect of some of the products. If, at this stage, the 'G' return is discontinued because the undertaking has gone into production, the Directorate General would have no means to keep a watch on the further implementation of the whole scheme and it might happen that the licensee might not instal the remaining capacity. The function of the 'G' return is to serve as an instrument for watching the actual implementation of a licensed scheme in its entirety and it is, therefore, necessary that the 'G' return should continue to be submitted until the capacity indicated in the licence has been fully installed and the undertaking actually commences production as planned. We recommend that the rule mentioned above should be amplified accordingly in order to ensure the submission of 'G' return till the licensed capacity is fully installed and production has commenced as per programme.

Recommendation

CHAPTER V

REGISTRATION OF INDUSTRIAL UNDERTAKINGS

Licences are required only for scheduled industries with a capital investment of more than Rs. 25 lakhs. Industrial units not so big but bigger than small scale industries, i.e. all units with an investment range of Rs. 5 to 25 lakhs, are required to be 'registered'. In the case of non-scheduled industries, all units having capital investment of more than Rs. 5 lakhs are registered; there is no upper ceiling of Rs. 25 lakhs as there is for scheduled industries.

2. The concept of registration was devised as a measure of relaxation as compared with the rigours of licensing. What was intended was that the units not requiring any kind of assistance in the shape of imports or allocations should be freed from licensing restrictions, and the registration system in such cases was meant to be automatic and mainly for statistical purposes. Even for units requiring imports and allocations, registration was thought of as a device to help rather than to control. The main features of the registration scheme as conceived may be summarised as below:—

(1) The procedure for registration should be simpler than for licensing.

(2) Registration should be automatic.

(3) The system of registration should represent relaxation of control over industry.

(4) Registration should be optional.

Our study of registration, procedure was made in the background of these objectives.

Existing procedure

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3. The salient features of the procedure for handling registration applications are as follows:—

(a) A unit wanting registration is required to apply to the Directorate General of Technical Development on a prescribed form.

(b) After scrutiny in the technical directorate concerned, and consultation with other interested directorates, the recommendation of the Directorate General is sent to the administrative ministry concerned.

(c) Previously the decision whether to accept an application for registration or not was taken in the administrative ministry, and the consequential action of allotting registration number and informing the applicant was attended to by the Directorate General. Under a recent development, all such cases are referred to a committee in the Ministry of Industry, the personnel of which is the same as that of the Rejection Committee in the licensing procedure.

(d) If import of capital goods is involved the unit is required to apply to the Chief Controller of Imports and Exports for an import licence. Actual registration of such cases takes place only after the unit has secured a capital goods import licence.

(e) Applications involving foreign collaboration yet to be finalised are not registered straight-away; applicants in these cases are granted a letter of intent. Formal registration is done only when the terms of collaboration have been settled and approved by Government.

(f) After a unit has been registered, it has to submit periodical returns of production which are used for statistical purposes as also at the time of considering import applications or applications for scarce raw materials.

Case studies

4. Case studies were made of 48 registration applications and a detailed report of the results is at appendix. V. The main points arising out of the report are as follows:—

(1) The average time taken in the disposal of these cases was 101 days per application. This compares favourably with the average of 145 days in licence cases, but is still too long for a procedure intended to be an automatic one.

(2) Within the Directorate General, a registration application is examined exactly in the same way as an application for an industrial licence. This holds good for both procedures of handling and criteria of judgment.

(3) Registration involves more work for the Directorate General than industrial licensing, because the work handled in the case of the latter by the Ministry of Industry is shouldered for registration cases by the Directorate General.

(4) Rejections in registration cases are not reviewed by the reviewing sub-committee of the Central Advisory Council for industries.

(5) Registration has been neither automatic nor meant only for statistical purposes, as was originally intended. This is because registration cases are scrutinised by the same criteria as licence cases.

(6) Registration is no longer optional. Hardly any industry over Rs. 5 lakhs investment can do without imports or allocations. All are, therefore, obliged to get themselves registered.

(7) A significant number of registration cases related to the non-scheduled sector.

Classification of industry

5. Comparing the original intention behind the scheme of registration with procedure governing registration and the facts brought out by case studies, some rather disturbing conclusions emerge.

Firstly, the manner in which registration cases are being processed has made almost a complete nullity of the intention underlying registration. The procedure in vogue for registration is no simpler than that for licensing. Registration is neither automatic nor any longer optional. And if it represents a relaxation of control over industry, the benefit is at best purely psychological.

Secondly, there is practically no difference between the ways in which registration and licence cases are handled. Both are judged by the same criteria of demand, installed capacity, regional distribution, import requirements, priority and so on. The procedures governing both are almost identical, except that the final decision in one is taken in the Licensing Committee and in the other in the Rejection Committee. Registration is thus different to licensing mainly in name.

Thirdly, by including the non-scheduled sector within its ambit the registration process has demonstrated that the schedule to the Industries (Development & Regulation) Act is not what it is supposed to be, viz. a list of industries of all-India importance. If non-scheduled industries have to be taken under the wings of the Directorate General, the schedule to the Act obviously requires amplification. In any case, there is little difference left between scheduled and non-scheduled industries if both require central 'god-fathering.'

Fourthly, since non-scheduled industry is registered as readily as scheduled, and since registration is not much different from licensing, there is really no free sector except the small scale. The Rs. 5 lakh boundry for small scale industry is thus also the boundary between the free decentralised sector and the controlled (in one form or the other) centralised sector.

Fifthly, since foreign exchange is thought to be more easily available under Central patronage, there is the paradox of a scramble on the part of the units in the free small scale sector to climb into the centralised sector covered by registration in the Directorate General.

Sixthly, although industry is a State subject under the Constitution (except when public interest is declared by law to be involved), the above tendencies are making for an increasing degree of centralisation and thus negativing the constitutional provision.

6. A consideration of these matters takes one squarely into the realm of substantive policy, for the issues involved are whether the present division of industries between scheduled and non-scheduled needs revision, whether the artificial distinction between licensing and registration merits continuation, and whether something should be done to arrest the tendency inherent in the existing system towards centralised control over an increasing range of industrial units. A strict view might put such issues beyond the competence of the study team, because our terms of reference require an examination of only procedures and organisation. But a sizing up of the legitimate task to be handled by the Directorate General is an essential preliminary to determining how that task is to be carried out. The present

policy has given this organisation a diffused task with a built-in tendency for work to expand irrationally, contrary to the constitutional intention and at the cost of genuine developmental activity. We have, therefore, felt it inescapably necessary to go into the policy issues contributing to the present lack of clarity so that what the Directorate General are required to do can be clearly identified. The laying down of procedures and organisation would then be a simpler matter.

7. Basically the problem is one of classifying industries in such a way that only those industries of which control by the Union is "expedient in the public interest" are retained for being looked after at the Centre. The rest should be effectively decentralised to the States as contemplated by the Constitution. One presumes that the test of public interest was applied when the schedule to the Industries (Development & Regulation) Act was originally drawn up. But there is no evidence of this test having been borne in mind when unofficial additions to the schedule were made by the taking on of non-scheduled units on the books of the Directorate General, or when official, though half-hearted, substractions were made by removing sub-25 lakh units from the discipline of licensing. The overriding test in making all these changes has been whether a particular industry or unit required help in the matter of imports and allocations and whether it was worth helping. Since nearly all industries do require some degree of help, they have clamoured for central patronage, whether they were scheduled or non-scheduled, and have been kept on central books (through registration) even though non-scheduled, or scheduled but put in the non-licensable category. The test of public interest has thus been replaced by the test of extent of dependence on imports and allocations. It is often the case that industries which pass by the second test also qualify for the first; such industries remain in the central list any way. But it does not need elaboration that this may not be the position in many cases.

8. If we have to go back to the test of public interest alone, two types of questions could be asked:—

(i) Would the States be able to look after the industries that may have to be decentralised? There is the fact that the States are already looking after the small scale sector. They may not have been able to feed units in this sector with imports and allocations to the extent desired by them, but that is more because of overall shortages than because of any inability of management on the part of the States. If the medium sector or any part of it is transferred to the States, the additional responsibility cast on them would have to be reflected in enhanced foreign exchange apportionments and bigger quotas of indigenous raw materials. There would then be no real reason why the States could not be depended upon to shoulder the task of looking after the decentralised medium sector additionally to looking after the small scale sector.

(ii) Can a portion of an industry be decentralised to the States when the industry itself is included in the schedule? So far, whenever the benefit of de-licensing any part of an industry has been extended (as it has to sub-25 lakh units), the part freed from licensing has been retained under central control and patronage through the device of registration. For these very industries, any units in the small scale sector remains freed from both licensing and registration, and are looked after by the States without any difficulty. If the test of public interest suggests decentralisation of any part of the medium sector as a desirable step, there should be no difficulty in freeing this sector even from central registration and handing it over to the States.

9. The officers of the Directorate General were amongst the strongest protagonists of the view that something should be done to check the scramble to get on the books of the organisation. They felt that looking after relatively small units scattered throughout the country was not a practicable proposition for them particularly when availability of foreign exchange was substantially less than before and it was difficult enough to look after the units already entrusted to them. There was also a feeling that the rate at which units were being registered would only accentuate the tendency to get preoccupied with allocation work at the cost of more important tasks like planning and development.

10. In the background of the above discussion, and consistent with the spirit of the constitutional provision about allocation of the subject of industry between the Centre and the States, we venture to make the following recommendations:— **Recommendation**

(i) A revision of the schedule to the industries (Development & Regulation) Act should be taken up as early as possible, particularly to see whether any of the non-scheduled industries of which units are being looked after by the Directorate General need to be included in the Schedule. The test should be strictly that of overall public interest, and not that of extent of dependence on imports or allocations. It seems necessary to revise the schedule so as to bring to an end what appears to be a somewhat un-constitutional position in which the Directorate General are looking after industries in the State list.

(ii) In the scheduled sector, the area freed from licensing (e.g. sub-25 lakh units in all except a few industries) should be reviewed to see whether all units falling in this area cannot also be freed from central registration and passed on to the States. Here also, the test should be overall public interest and not dependence on imports and allocations. Retention at the Centre of any portion of the delicensed sector should be an exception rather than the rule.

(iii) Passing on any industries to the States should be accompanied by a suitable enhancement in the foreign exchange allocation made to each State for the requirements of the small scale sector, If necessary, there could be an earmarked allocation for the medium scale sector transferred to the States.

(iv) There should be a similar approach in regard to allocation of indigenous raw materials in scarce supply, e.g. controlled categories of steel.

(v) Pending a review on the above lines, units registered with the Directorate General which do not require any foreign exchange should be immediately transferred to the State Governments.

11. We feel that a review of policy on the lines suggested above would do much to introduce rationality in an area of administration in which through efflux of time and a succession of ad hoc decisions a certain degree of lack of clarity has existed for some time. What we have suggested should give the State Governments their rightful place for promoting industrial development, and would also ensure closer supervision of utilisation of foreign exchange and scarce raw materials. The Directorate General would benefit by shedding a good bit of work not very relevant to its basic and more important functions of planning, development, imports substitution etc. In the long run, our suggestion should also be good for the industrial units themselves, as they would not have to come frequently to Delhi from far corners of the country. There are many matters which already take them to the State Governments. The decentralisation proposed by us would enable them to have dealings mainly with the State Governments, and would to that extent simplify matters for them.

Procedure for registration

12. The modification of policy suggested above should, if implemented in the spirit in which it has been conceived, lead eventually to a substantial reduction, if not total elimination, of registration work in the Directorate General. Until the policy review suggested takes place, however, registration work will continue. Even after that it may well be that some items are retained at the Centre for being handled under the registration procedure. For such registration as may remain, it is necessary to evolve a simple and quick method of handling. We have, therefore, gone into the question of simplifying procedures and shortening the time spent in the processing of registration cases.

13. As pointed out earlier, the average time taken in the disposal of registration applications works out to 101 days, the actual time varying from 21 days to 293 days. The break-up of this time in various stages and for various processes is as follows:—

(a) Time taken by the Coordination Directorate:

	Days
(i) in passing on an application to the technical directorate	9.1
(ii) in passing on the comments of the technical directorate to the concerned ministry ...	14.8
(iii) in giving registration number ...	4.1

(b) Time taken by the parties in giving information	22.3
(c) Time taken by the State Govt. in furnishing information	59.0
(d) Time taken by the sponsoring directorate	49.7
(e) Time taken by other directorates	40.4
(f) Time taken by the concerned ministries	34.5

The Coordination Directorate figures in the chain of handling because it is useful to keep statistical information about registration cases in one central place. Case studies show that this directorate takes 28 days per case to perform operations which are of a purely routine character. This, in our opinion, is very excessive. Following our suggestion in the case of licence applications, the objective of maintaining information at a central place could be achieved without turning the Coordination Directorate into a bottleneck. This directorate could merely pass on applications to the technical directorates concerned and give registration numbers after cases are decided. The technical directorates could send their comments direct to the ministries concerned with a copy to the Coordination Directorate for completion of records there. The task left with the Coordination Directorate need not then take more than 3 or 4 days against the 28 taken at present.

14. Comments of State Governments are called for in registration cases so as to have some authentication about the information furnished by an applicant in his application. It will be seen that 59 days are spent on awaiting comments from the State Governments. We feel that State Governments could be given a maximum period of 45 days to furnish comments, and they could be told that if no comments are received within this time it would be presumed that they have no objection to the firm in question being registered.

15. Inter-directorate consultations on registration cases take on an average 40.4 days, which we think is on the high side. There is no reason why this period should not be reduced considerably through proper supervision and prompt action by all who handle registration papers.

16. The examination of a registration application involves more work for the Directorate General than that of a licence application. This is because the Directorate General has, in effect, to do the secretariat work for the Rejection Committee in the same manner as the appropriate section in the Ministry of Industry does for the Licensing Committee. This involves obtaining the comments of various authorities, preparing agenda papers, drawing up minutes of meetings of the Rejection Committee and a great deal of typing and routine work. There seems little justification for saddling a technical organisation with all this work which is of a purely non-technical nature. With the introduction of an officer-oriented staffing pattern, it is also doubtful whether this organisation will be able to handle this work in future. The right place for work which is essentially that of the secretariat of the Rejection Committee is the Ministry of Industry.

17. Within sponsoring directorates, registration cases are at present taking nearly 50 days to be scrutinised. This includes technical scrutiny as well as preparation of case summaries for the Rejection Committee. With the passing on of secretariat work for the Rejection Committee to the Ministry of Industry, the workload in respect of registration applications in these sponsoring directorates should come down. Consequently it should be possible for the scrutiny to be completed in a shorter period.

18. Case studies show that administrative ministries take on an average 34.5 days to process registration applications after getting the comments of the Directorate General. We consider that the procedure recommended by us for licence applications could with advantage be applied here also. In other words, the technical comments could go directly to the secretariat of the Rejection Committee in the Ministry of Industry with a copy to the administrative ministry concerned.

Recommendation

19. In the above background, we recommend the following drill for processing registration cases:—

(a) Registration application cases should be received in the Ministry of Industry in the same manner as licence applications. They should also be distributed to the various authorities from whom comments are required in the same manner. These authorities should be asked to furnish comments within 45 days with a clear understanding that if no comments are received it will be presumed that the authorities concerned have no comments to offer.

(b) The time limit of 45 days should apply to the Directorate General also. Unlike other authorities asked to comment the Directorate General will have to see that comments do actually go within 45 days, because it will not be possible for the Rejection Committee to deal with a case without comments from this organisation.

(c) At the end of 45 days, the secretariat should consolidate the comments received and place a case summary before the Committee.

(d) The position in regard to comments of the administrative ministry concerned should be the same as recommended for licence cases. In other words, if the comments of the administrative ministry do not come in within 45 days, the case summary should be prepared any way. The administrative ministry representative could, in such cases, mention the views of the ministry at the meeting of the Rejection Committee. It should be ensured that a copy of the comments of the Directorate General goes to the administrative ministry also.

(e) If the replies received from all show no difference of opinion, a decision may be taken by the Joint Secretary who normally presides over the Rejection Committee without waiting for the next meeting of the Committee. Only such cases need actually go before the committee where there is some difference of opinion.

Appeals

20. As noted above, although registration was initially meant to be automatic, it has not remained so in actual practice, and it is frequently the case that applications for registration are rejected. Since denial of registration in effect means denial of foreign exchange for import of raw materials and capital goods or even for allocation of scarce indigenous raw materials, it is very important that applicants in such cases should have an adequate channel of appeal. The existing provision is that applicants can appeal to the administrative ministry concerned against rejection of their cases and the appeals are considered by the administrative ministry in consultation with the Directorate General of Technical Development. Following our suggestion for appeals in licence cases, we recommend that here too appeals sub-committees may function in the same manner as visualised for appeals in the case of licences. Government may also consider furnishing a statement of rejected cases of registration to the reviewing sub-committee of the Central Advisory Council of Industries.

Recommendation

Miscellaneous matters

21. We received a number of suggestions for one aspect of registration work or the other. These are dealt with below:—

(a) *Levy of fees*—There is sometimes an element of casualness in applications for registration and this results in valuable time of the Directorate General being taken up in calling for further information and so on. On occasions, units with assets below Rs. 5 lakhs apply for registration and so do persons intending to set up industries in the banned list. It was suggested to us that the levy of suitable fee for registration might help to eliminate applications which only create infructuous work. In case the review of policy suggested earlier leaves a significant volume of registration work still to be handled in the Directorate General, we recommend that a suitable fee should be prescribed for registration applications.

Recommendation

(b) *Fixed assets*—In marginal cases, it is difficult to decide whether a particular application is eligible for registration or not. The difficulty arises out of uncertainty about the value of the assets of the unit sought to be registered. Because of the scramble to get on to the books of this organisation, there is a tendency to inflate assets by showing excessive land or by including non-productive equipment like trucks and office equipment as machinery. In case registration work is to remain with the Directorate General in significant volume, there is a need to define fixed assets clearly. The basis for evaluation also needs to be specified, i.e. whether it should be the original purchase value or the current market value. There would be advantage in requiring applicants to furnish certificates, duly attested and signed by chartered accountants or even by Directors of Industries of the concerned States, testifying to the fixed assets and their valuation. We recommend that clear instruction on all these points should be worked out and made known.

Recommendation

(c) *Implementation*—Registration of a unit where capital goods are imported is done immediately after a licence for import is granted. It could be that an applicant does not take further steps for commencing production for a long time after obtaining the import licence. The suggestion made to us is that registration in such cases should be done only after the applicant has opened a letter of credit for a substantial portion of the machinery. Such an arrangement would help to make the applicant take early steps for going into production. In the case of his failure to do so, it was suggested that a mechanism may be devised for "de-registration", somewhat on the lines of revocation of industrial licences. We recommend that these suggestions may be considered for acceptance for such industries as are considered fit for being retained at the Centre for registration even after the policy review suggested above.

Recommendation

(d) *Progressing*—The implementation of industrial licences is watched through 'G' returns. There is no mechanism for watching the implementation of projects covered by the registration procedure. We recommend that for industries considered important enough to be retained for central registration after the policy review suggested above, a special form may be devised by the Directorate General on the pattern of 'G' returns on which units should be required to furnish periodical information about implementation of their projects.

Recommendation

(e) *Banned industries*—We noticed that registration was accepted in the case of some units intending to manufacture banned items, even though licensing in respect of those items was at a standstill. This tends to defeat the object of having a banned list. So long as there is central registration, we recommend that the banned list should operate for registration as strictly as it does for industrial licences.

Recommendation

CHAPTER VI

STRUCTURAL RE-ORGANISATION

In our first report and the preceding chapters of this report, we have dealt with the substantive functions of the Directorate General of Technical Development. In this chapter our concern is with the structure of the organisation and its method of handling work. Our study of these aspects takes account of the procedural and other changes recommended earlier.

Section I—Existing Organisation

2. The substantive work of the Directorate General is handled in a number of technical directorates, each of which is responsible for regulation and development of a group of industries. The directorates handling engineering industries constitute the engineering wing and those responsible for chemical industries the chemicals wing. Each technical directorate is manned by one or more Development Officers supported by a complement of Assistant Development Officers and Junior Technical Officers depending on the industries allotted to a particular directorate. The directorates are grouped on the principle of allied industries to form divisions, each under an Industrial Adviser or, in one case, under a Senior Industrial Adviser, Industrial Advisers in the engineering wing report to the Deputy Director General (Engineering) and those in the chemical wing to the Deputy Director General (Chemicals). Above the Deputy Directors General is the Director General, who is the chief executive head of the department and also the technical adviser to the Government of India. The Senior Industrial Adviser who looks after the automobile group of industries also works directly under the Director General. Development officers are serviced by a pool of secretariat staff, but in a number of cases the section officer controlling the pool has to work under more than one Development Officer, and at times even under more than one Industrial Adviser. The span of control of each such section officer is large, ranging from 20 to 40 clerks.

3. The non-technical side of the organisation consists of two units, the Administration Directorate and the Coordination Directorate. Each is headed by a Deputy Director of the rank of under secretary. Both Deputy Directors work directly under the Director General. The Administration Directorate looks after all aspects of personnel administration, and also attends to housekeeping functions. The Coordination Directorate, as its title suggests, is responsible for coordinated handling of matters affecting more than one Industrial Adviser's division. Attached to this directorate is also a small public relations cell which is of comparatively recent origin and was founded in pursuance of a recommendation made by the Estimates Committee. There is no separate unit for welfare work. One of the Development Officers has been designated as Welfare Officer and discharges this function in addition to his technical duties. There is a small

O & M unit under the charge of another Development Officer, who like the Welfare Officer is required to look after this work in addition to his nomal duties.

Section II—Technical Directorates

Structural reorganisation of divisions

4. The technical directorates are concerned with the development and planning of industries, and they tender technical advice on specific issues relating to both public and private sector projects. For the nature of work handled, the conventional system of working where "office" plays the pivotal role is inappropriate and not conducive to efficiency. Case studies show that secretarial staff makes no worthwhile contribution in the disposal of cases, even though it takes up about 20% to 30% of the total disposal time. We consider that, since the work in these directorates is mainly technical in nature, its handling from the very start should be in the hands of technical officers rather than clerks or assistants. At our suggestion, the Director General introduced an officer-oriented system in one of his divisions, the HME Division, where it has operated now for almost a year. After it had functioned for about six months, we made an evaluation based on a detailed study and came to the broad conclusion that the system had worked well. It had helped in speeding up disposal, reducing arrears and bringing about general improvement in the working of the division. Encouraged by this experiment, we now recommend the extension of the system to all the technical directorates. The salient features of the system, as evolved for the HME Division are as follows:— Recommendation

(a) The industries looked after by the Division are so allocated to the Development Officers in the Division that the charge of each comprises allied and related industries. Planning and coordination work devolving on the Division is the responsibility of the Industrial Adviser, but one of the Development Officers assists him in this task. This Development Officer like others is responsible for the regulation and development of the industries allotted to him, but he also works as a staff officer to the Industrial Adviser for planning and coordination work.

(b) Each Development Officer's charge is an administrative group. Besides the development officer, it consists of one Assistant Development Officer, one Junior Technical Officer and one UDC. The Development Officer has a full time stenographer and the Assistant Development Officer a full time steno-typist. There are four such groups in the Division.

(c) Items of work are so categorised and allotted that, as far as possible, cases go to the appropriate level, i.e. Development Officer or Assistant Development Officer, direct without being routed through intermediate lower levels.

(d) Disposal of cases is so arranged that up to an Industrial Adviser's level, ordinarily, not more than two decision-taking levels are involved in any case. To keep themselves informed, the intermediate levels, however, see the cases on return from higher levels.

(e) The U.D.C. attached to each Development Officer's group is not required to note on cases, he only maintains files and puts up relevant papers to officers duly docketed and referenced for disposal. His services may, however, be utilised for collection of factual data and preparation of statements, if necessary, under the overall responsibility of officers. The stenographer attached to the Development Officer and the steno-typist with the Assistant Development Officer are also to be utilised, if necessary, for duties other than their stenographic and typing work.

(f) There is a central pool for the Division for attending to items of work which concern the Division as a whole, like Parliament questions, import and export policy, trade agreements, maintenance of production returns and other items of a miscellaneous nature where coordination is involved. The pool is also responsible for the diary, despatch and typing work of the division. The pool works directly under the Industrial Adviser and consists of staff as follows:

Section officer	1
Assistant	1
U.D.C.	1
L.D.C.	3

(g) Although the stenographic and clerical personnel allotted to technical officers work under the directions of their respective officers, they are placed under the general supervision of the section officer for matters like attendance, punctuality and grant of casual leave.

We recommend that the above system, with such modifications as may be found necessary, may be introduced in all other technical directorates also.

5. The following points should be kept in view in the reorganisation of the technical divisions on the above lines:

(1) *Leave reserve*

Recommendation

As only the minimum of clerical staff has been provided, it is essential that adequate leave reserve should be maintained so that whenever a clerical hand, including a stenographer or steno-typist, in any directorate proceeds on leave a substitute can be provided immediately.

(2) *Junior technical officers*

They were originally recruited in the organisation for field work in the scale of Rs. 325—575, and were mostly diploma-holders. The limitations of their status as also of their technical competence proved a great handicap for field work and they settled down in the sections doing mostly non-technical work. It is felt that for this organisation, technical officers below the level of Assistant Development Officers cannot make any useful contribution. We feel that the category of Junior Technical Officers should be progressively abolished and replaced by Assistant Development Officers for the technical part of their work and by UDCs for non-technical work.

Modern card indexing system

6. For efficient working of the officer-oriented system as outlined above, it is necessary that modern card indexing systems should be introduced in all divisions of the Directorate General so as to reduce references to files and consequent dependence on clerical staff.

Recommendation

With the assistance of Shri D. Majumdar, Director, Small Industries Service Institute, Kanpur, the HME Division devised a system suited to their requirements. We recommend that this system may be introduced in all other technical directorates of the organisation with suitable modifications.

Provision of compact accommodation

Recommendation

7. Another important factor for proper implementation of the officer-oriented system is the provision of compact accommodation so that papers move from one unit to another without much loss of time. We recommend that the accommodation allotted to the Directorate General should be made as compact as possible. This can be arranged by suitable exchange of rooms amongst the occupant ministries in Udyog Bhavan. If, however, this is not feasible the entire office should be shifted to a suitable building where compact accommodation can be secured. For the proper exercise of their functions, officers of the Directorate General have to maintain close liaison with several ministries, departments like the Ministry of Industry, the Department of Heavy Engineering, the Ministry of Commerce, the CCI&E, the Ministry of Petroleum and Chemicals as well as the Ministry of Supply and Technical Development. Since all these officers are at present housed in and around the main secretariat, it would be preferable if the office of the Directorate General is also located within the secretariat complex.

Allocation of scarce materials

8. One of the functions of the Directorate General is to allocate scarce raw materials to the undertakings borne on their books. Previously this allocation work covered steel, pig iron, cement and asbestos sheets. Pig iron and cement have since been decontrolled. The control in respect of asbestos sheets is only informal. Recently, statutory control on the distribution of non-ferrous metals has been introduced and this responsibility has been entrusted to the Directorate General. We have, however, not examined the organisation aspect for this work. This, therefore, leaves only the question of the allocation of steel. This work is at present being carried out in the Metallurgical Directorate. It has been observed that the issue of unit-wise quotas throws a considerable amount of non-technical work on the Development officer and his technical staff. In order to enable these officers to discharge their technical functions more effectively and save them from frittering away their energies in work which is

clerical in character, we recommend that while the work connected with assessment of eligibility, priority of allocation and fixation of unit-wise quotas should continue to be handled by them as at present, all post-recommendatory work which would be of a clerical nature, such as, consolidation of allocations recommended, intimation to the concerned authorities, preparation and issue of quota certificates and the final intimation to the allottees should be segregated and entrusted to secretariat staff. We, therefore recommend that a cell headed by a section officer should be created in the Metallurgical Directorate for handling this work. The section officer should also be authorised to authenticate quota certificates and issue routine communications over his signature. The section officer would however work under the general supervision and guidance of the Development Officer concerned. The staff required for the cell may be determined on the basis of the actual work-load; but until a proper work measurement study is made, the cell may be constituted with the existing staff already sanctioned for this purpose.

Recommendation

Recommendation

Ex-post facto scrutiny

9. In part I of our report, we recommend that appropriate machinery should be installed for conducting ex-post-facto scrutiny of import cases on a sample basis to find out the nature of mistakes or irregularities that might have occurred. We also said that the results of such scrutiny should be circulated for the guidance of all concerned. We did not then go into the organisational aspect of the proposed machinery. We would now recommend the creation of a separate cell for this purpose. As the cell will have to scrutinise cases emanating from both the engineering and the chemical wings, we consider that to begin with there should be two officers in the cell, one with an engineering back-ground and the other with a chemical. We suggest that there could be a Development officer from one wing and an Assistant Development Officer from the other. No clerical staff is necessary, because scrutiny must be only at officer level, and also because the cell will have no independent files of its own. There will need to be a full-time stenographer to service both the officers. The cell should work directly under the control and guidance of the Director General.

Recommendation

Section III—Non-technical directorates

A. *Strengthening at the direction levels*

10. Unlike the technical directorates, both Coordination and Administrative Directorates are headed by officers of the rank of under secretary only. And there is no intermediary equivalent to Industrial Advisers or Deputy Directors General between them and the head of the organisation. The powers enjoyed by the Deputy Directors in charge of the two directorates are naturally very limited, and quite a number of cases pertaining to non-technical matters have thus to move up to the Director General for decision. This throws a considerable burden of non-technical work on the Director General, which could have been avoided if a senior officer were placed in charge of the Coordination and Administration Directorates over the two Deputy Directors. We feel that besides relieving the Director General of some of the work emanating from these two directorates, there

is also the need for providing assistance to him for organisational and personnel planning and for developing an integrated approach in the performance of non-technical functions. The work here needs, in other words, to be directed and supervised by someone who has time to do so. We, therefore, recommend that a senior officer of the rank of deputy secretary should be placed in charge of the two directorates. He may appropriately be designated as Director (Administration and Coordination). His main task should be to relieve the Director General of general administrative work, to help him in keeping the organisation at a high level of efficiency and integrity, and to provide the initiative for introducing organisational and methods adjustments for new tasks and responsibilities devolving on the organisation.

Recommendation

11. In the Coordination and Administration Directorates, between the levels of deputy director and section officer, there is an intermediate functionary called an assistant director. Posts of assistant directors are manned by erstwhile grade II section officers of the Central Secretariat Service. After the reorganisation of the Central Secretariat Service, grade II and grade III section officers were merged to form a common grade of section officers and there is now no distinction between the two grades of section officers. This has given rise to an anomolous position here in that a section officer is placed under the charge of an assistant director, who is also of section officer's rank though slightly senior. For obvious reasons, this arrangement is neither desirable nor an administrative necessity, and should be dispensed with. We recommend that the level of assistant directors should be abolished and that section officers should report direct to the deputy directors. If the workload justifies, there can be more deputy directors. This recommendation would not, however, apply to the assistant director in charge of the statistical cell who is a statistician and who has no section officer under him.

Recommendation

B. *Reorganisation of the Coordination Directorate*

12. The functions of the Coordination Directorate broadly are—

(a) Coordination of work relating to import licence and industrial licence applications;

(b) Coordination in the processing of industrial registration applications;

(c) Issue of N.M.I. (Not Manufactured in India) and indigenous clearance certificates;

(d) Policy coordination and development;

(e) Collection and dissemination of industrial statistics.

The Coordination Directorate consists of 5 sections. Coordination I and II sections deal with import applications, Coordination III with industrial licensing and registration, policy coordination and development, Coordination IV with the issue of N.M.I. certificates and indigenous clearances, and the fifth section known as the Statistical Cell with collection and dissemination of industrial information. We understand that Govt. have commissioned a foreign firm of management consultants to make a comprehensive review of the information gathering systems in the Directorate General. We have not, therefore, examined the working of the Statistical Cell and have confined our recommendations to the other responsibilities of this directorate.

Creation of an Import Cell.

13. The role of the Coordination Directorate in the processing of import licence applications consists of registering these applications in alphabetical order, passing them on to the concerned technical directorates, keeping a watch on their disposal and finally forwarding them to the CCI&E with the recommendations of the Directorate General. The processing of these applications by the R & I and Coordination Sections is so much hedged in with routine notes and double registration that the more important function of following them up is almost completely ignored. We recommend that the existing Coordination I & II Sections should be replaced by an Import Cell which should combine the functions of R & I and the Coordination Directorate in so far as import work is concerned. All import applications whether delivered by dak or through the public relations unit should be received and registered by this cell and then passed on to the concerned technical directorates. No nothing what soever should take place at this stage. As already recommended in Part I of our report, the Import Cell should not maintain or retain any case file, its records should consist only of registers. It should be the responsibility of the cell to keep a watch on the disposal of applications, to prepare a periodical list of applications not cleared within the stipulated time and to bring them to the notice of the industrial adviser concerned so as to enable him to arrange for their expeditious disposal. Recommendations on import applications should be finalised, typed fair, and despatched to the CCI&E directly by the respective technical directorates. Only a copy of the recommendation need be sent to the Import Cell for information and record. This procedure should apply to import applications for raw materials, components and spares as also the applications for capital items of equipment. In the case of applications received from small scale industries the procedure will, however, have to be slightly different as they are not borne on the books of the Directorate General. In respect of these applications, the Import Cell should play the role of a sponsoring directorate. It should be the duty of the cell to keep a watch on the movement of cases from directorate to directorate and when the prescribed time-limit is about to expire, the cell should retrieve a particular case from wherever it is and place it before the meeting of Industrial Advisers for on-the-spot clearance. Recommendation

14. At present, import applications for steel and non-ferrous metals are received and dealt with direct by the Raw Materials and Non-ferrous Metals Directorate and do not pass through the Coordination Directorate. We considered whether these applications should also be processed by the Import Cell. The present arrangement has been working satisfactorily, and we feel it will not serve any useful purpose to interpose another stage in the shape of the Import cell.

Industrial licensing and registration

Recommendation

15. As the number of applications for licensing or registration is not unduly large we would suggest that these applications should continue to be handled in Coordination III Section as at present. Double registration should, however, be avoided. Like import applications, these applications should be received by the Coordination Directorate direct from the R & I Section where no diarising should be done.

Policy coordination and development

Recommendation

16. Adequate attention is not being given to policy and development work which constitutes the core of work in the Coordination Directorate. In view of the importance of this work, we recommend that a separate unit under a section officer should be carved out of the existing CD III Section exclusively for policy coordination and development.

Issue of indigenous clearance certificate

Recommendation

17. References for indigenous clearance are usually received from public sector projects. Case studies show that routing these references through the Coordination Directorate hampers speedy disposal. Since no contribution can possibly be made by this directorate in such cases, we would recommend that all applications for indigenous clearances should be sent by the R & I Section direct to the Development Officer "nominated" for a particular public sector project. Where no Development Officers have so far been nominated, steps should be taken to do so, so that no project remains uncovered.

Issue of N.M.I. certificates

Recommendation

18. N.M.I. (not manufactured in India) certificates are required by educational institutions to earn exemption from custom duty. The stage for these certificates comes after the issue of an import licence and in some cases even after import has taken place. Since an import license application is in any case referred to and examined by the Directorate General for according indigenous clearance, it is our recommendation that it would facilitate matters and reduce work all around if the work of giving N.M.I. certificates were also to be done at the same time. In that event, an N.M.I. certificate could, in eligible cases, be recorded on the same paper as the indigenous clearance. This should be acceptable to customs for the purpose of custom duty exemption, subject of course to such other certificates as may be necessary from the C.S.I.R. or any other authority. We would also recommend that the validity of an N.M.I. certificates should be concurrent with that of the import licence itself.

Formation of a cell for N.M.I. Certificates

Recommendation

19. We would suggest that the work of N.M.I. certificates as visualised above may be transferred to the Scientific Instruments Directorate which is mainly concerned with this work. For this purpose, a small cell, under a section officer, may be created out of the existing strength of Coordination IV Section and placed under the charge of the Development Officer (Scientific Instruments).

C. *Reorganisation of the Administration Directorate*

Transfer of O & M and Welfare functions to the Director (Administration and Coordination)

20. The Administration Directorate, constituted as it is, concerns itself mainly with personnel administration and housekeeping functions. With the existing staff it has not been possible to give adequate attention to other administrative functions like O & M, vigilance and welfare, which are so vital to the health of an organisation. These tend to get treated as "extras". As earlier mentioned, O & M has been made the responsibility of a Development Officer who is kept fully busy with his technical duties. So is "welfare" which has been allotted to another Development Officer in addition to his normal technical duties. Vigilance is, no doubt, a part of administration, but the Deputy Director in charge of the Administration Directorate is so preoccupied with the day-to-day administrative problems inherent in a big organisation like this Directorate General that he can hardly do justice to vigilance cases. Considering the size of the Directorate General and the problems which it has to encounter, both the O & M Unit and the Vigilance Cell need immediate strengthening. We recommend that a self-contained unit under the Director (Administration and Coordination) should be created exclusively for O & M work. The O & M unit should be staffed by one senior analyst (Rs. 700—1250), one junior analyst (Rs. 400—900), one research assistant (Rs. 325—575) and one steno-typist. Vigilance work could be handled by the Director himself, but he should be given a section officer to assist him in this work. Excepting a steno-typist, no other staff need be sanctioned to work with the section officer. In view of the increasing emphasis on welfare of Government personnel, we would recommend this function should be transferred to the Administration Directorate and that another post of Deputy Director should be created for handling this work. The Deputy Director (Welfare) could also take over some work from the Deputy Director (Establishment) who needs to be relieved of some of his present load. For welfare work, the Deputy Director (Welfare) may be given one steno-typist and one U.D.C. for keeping his papers and doing other routine and field duties.

Recommendation

Recommendation

Other recommendations

21. We would recommend the following measures for streamlining the existing procedures in the Administration Directorate:—

Recommendation

(a) *Combining the functions of Drawing and Disbursing Officer*—

Normally, both drawal and disbursement of monies is made the responsibility of one officer, usually the "head of office". In the Directorate General, however, these functions have been separated and assigned to officers of two different directorates. One of the assistant directors of Coordination has been declared as the drawing officer, but the responsibility for disbursing the monies drawn on the authority of the drawing officer is with the Assistant Director (Administration) who has been declared "Head of Office" for the Directorate General. This practice is likely to give rise to difficulties and may be done away with. To exercise proper check on receipts and disbursement of cash, it is essential that these functions should be combined and entrusted to one officer. With the abolition of the assistant directors as functionaries, we suggest that the Deputy Director (Establishment) may be declared the Drawing and Disbursing Officer.

(b) *Delegation of powers*—

Consequent upon the appointment of a Director and the abolition of the post of Assistant Director (Administration), the pattern of delegation of administrative and financial powers should change. We suggest that powers should be delegated as in Appendix VI.

D. *Public relations*—

22. The existing public relations unit of the Directorate General consists of a section officer and a lower division clerk. The unit owes its origin to the recommendation of the Estimates Committee (Second Lok Sabha) made in their 123rd report that there was an unquestionable need to make available for all industrialists, particularly those who do not have sufficient resources of their own a single source for the purpose of furnishing up-to-date and detailed information about any matter relating to the starting of new or expansion of existing industries. The functioning of the existing public relations unit is, we regret to say, not geared to this objective. As it is, the unit is acting as nothing more than an inquiry-cum-receipt office. The need for a really effective public relations unit for the Directorate General has been incontrovertibly accepted by all, and can hardly be contested. With this background, we appointed a small study group to examine the working of the existing public relations arrangements and to make recommendations for improvement. A copy of the report submitted by the team is at Appendix VII.

Objectives of the public relations unit—

Recommendation

23. To achieve the objective enunciated by the Estimates Committees, the functions of the public relations unit in the Directorate General should be as follows:—

(a) Dissemination of general information on procedural and developmental aspects of industrial licensing, import licensing and indigenous clearance.

(b) Communication of information regarding pending applications and help in their speedy disposal.

(c) Supply of forms and literature germane to the functions of the Director General.

(d) Disposal of routine interviews on non-technical matters.

(e) Acting as a window through which the Directorate General and industry may effectively communicate the problems of each other in a mutually helpful manner.

(f) Initial processing and follow-up of complaints and suggestions received. (Detailed examination of these complaints and suggestions and the final decisions thereon should be the responsibility of the appropriate technical directorates concerned).

(g) Bringing cases of inordinate delay to the notice of senior officers.

(h) Arranging receipt of applications and other papers at the counter.

Appointments of a Director of Public Relations

24. The attainment of the above objective is not possible without a thorough overhaul and reinforcement of the existing public relations unit. We recommend that the unit should be placed under the charge of a senior officer of the level of a director or deputy secretary who, as suggested by the study group, should be easily accessible to industry on the one hand, and directly responsible to the Director General, Technical Development, on the other. Under this officer, who may appropriately be designated as Director of Public Relations, there should be a public relations officer of the rank of a section officer who would sit at the counter for giving general information on procedures and supervise the work of receipt of applications and distribution of forms, pamphlets and other literature at the counter. The public relations officer should be assisted by one assistant and two or three clerks.

Recommendation

Display of information

25. All relevant information should be displayed at the counter, on the notice board and in the foyer as may be convenient. The information to be made available should include—

(a) A list of indigenous manufacturers.

(b) A plan of the organisation of the Directorate General indicating the names and room numbers of and subjects dealt with by officers of and above the level of Assistant Development Officers.

(c) Last date of submission of applications.

(d) Information about the various industrial requirements of the country, the existing capacity of the units already licensed or registered, the size of the capital outlay that may be required for meeting the additional requirements, the regions in which particular industries would be encouraged, etc.

(e) List of cases of import applications recommended/rejected during the previous week.

(f) Weekly statement of firm-wise allocation of scarce raw materials.

Mode of operations

26. (a) The Director of Public Relations should be able to satisfy most visitors through position slips and with the help of general information available with him, thus dispensing with the need for interviews with technical officers on non-technical matters and matters not requiring consultation. In order to keep abreast of the latest policy and changes in procedure, the Director should receive briefing from industrial advisers and the Director General as often as possible. Also, copies of orders and decisions of a general nature should be supplied to him by all directorates.

Recommendation

(b) Position slips which are rather sketchy at present should be more informative and should include the following information:—

Recommendation

(i) Present position of the case. (No. and date of the reply/recommendation to be given if the case has already been disposed of).

(ii) Date by which the case is likely to be disposed of.

(iii) Difficulties, if any. Whether a personal discussion with the party would expedite disposal of the case.

(iv) Name of the officer whom the Director of Public Relations should contact in case any further information is required.

(c) It was found that applicants start making enquiries immediately after submitting their applications. This serves little purpose as no useful information can be given until the technical directorates have had some time to examine these applications. We would, therefore, suggest that in the case of import applications position slips should be entertained only after the expiry of 15 days from the date of unit-wise allocation of foreign exchange. No interview with the technical officers should be allowed before the expiry of one month, but the Director of Public Relations should ensure that delays brought to his notice through position slips are plugged and cases expedited under intimation to the dealing officer. Similarly, in the case of industrial licensing, enquiry slips should be entertained only after 45 days of applying and interviews with technical officers allowed after two months.

Recommendation

(d) All interviews with technical officers should be arranged through the Director of Public Relations. The interviews should not be below the level of an Assistant Development Officer. A list of interviews arranged with technical officers should be maintained.

Recommendation

(e) The public relations unit should be authorised to call for files and bring cases of delay to the notice of industrial advisers. These files should, however, be called for under the signature of the Director himself and should not be retained in the public relations unit for long periods. As a rule, all such files should be returned to the concerned directorates within 48 hours after retaining extracts, if necessary.

Recmmendation

(f) Separate registers are maintained by the public relations unit for recording general complaints and complaints of corruption. We would recommend that these two registers should be combined into one register for "complaints and suggestions". All oral and verbal complaints should be received by the Director who should himself dispose of complaints on procedural matters and delays in conjunction with the O&M officer and should send complaints regarding corruption to the Director (Administration and Coordination).

Recommendation

Publications

27. The publications currently brought out by the D.G.T.D. are listed in Appendix VIII of this report. Besides the fact that their quality does not appear to be up to the mark, long delays take place in issuing these publications. The usefulness of public relations in an organisation like this largely depends on the quality of its publications and the promptness with which they are brought up-to-date. No attempt to improve the working of the public relations unit is likely to succeed if up-to-date information is not made available to the unit for dissemination to the clientele of the department. We, therefore, recommend, that a Publication Unit, staffed with adequate editorial staff should be created under the Director of Public Relations.

Recommendation

Section IV—Verification of the utilization of licences

28. The Santhanam Committee made the following recommendations:—

> "There should be a machinery for verification of proper fulfilment of conditions of different kinds of licences granted by Government."

We were asked to examine how far this recommendation could be implemented in respect of licences issued on the recommendations of the Directorate General to industrial undertakings borne on their books. The Directorate General as at present organised are not in a position to discharge this function. All that they can do is to check the monthly production returns received from industrial undertakings in an endeavour to find out the extent of utilisation of imported and other scarce raw materials released to the undertakings. It has been pointed out that the information contained in monthly production returns itself may not be reliable. A suggestion has, therefore, been made that a separate inspectorate should be created under the Directorate General whose function would be to visit industrial undertakings and to carry out investigations on the spot.

29. We have examined this proposal very carefully. At present there is no organisation under the Central Government which can undertake this work and, therefore, the creation of the proposed inspectorate would, to some extent, fulfil this need. To be effective, such an inspectorate would, however, require to be manned by officers with different types of specialisation matching the subjects handled in the Directorate General, with the result that the inspectorate would become a very large and unwieldy body. The justification for creating such a

large body when there is a shortage of experienced technical manpower merely for checking on the utilisation of licences is not adequate. Moreover, licences and permits are issued by different authorities in the country and if the idea of creating an inspectorate for verification of utilisation were to be extended to all those authorities; industrial undertakings would have to deal with a number of inspectorate agencies. All these agencies operating in the field are likely to prove a source of corruption and harassment to industrial undertakings, and the remedy might prove worse than the disease. In view of these considerations, we do not favour the creation of an inspectorate.

30. We feel that it would be much better to tackle this problem by introducing measures into the normal working of the Directorate General that will ensure that chances of misutilization of licences and permits are reduced. In the first instance, licences and permits must be recommended only for the right parties and in the right amounts. Under and non-utilization should then get reflected in subsequent recommendations. For both purposes, the monthly production return is the key instrument. If this is submitted promptly and correctly by all units, the initial allocation can become more accurate than is otherwise possible and a follow up check of utilisation is also rendered easier. It is understood that at present monthly production returns are not obtained under any specific provision of the law, but in compliance with executive instructions. As there is no statutory backing, it is not possible to take any action against an undertaking in case of default in regular and prompt submission of returns or if the information contained in returns is found to be incorrect. We would, therefore, recommend that these returns should be linked clearly to a specific provision in the Industries (Development and Regulation) Act in order to give them statutory backing, and that if no suitable provision is available in the existing Act then the Government might take steps to include such a provision. If this is done it should prove a sufficient deterrent for industrial undertakings as they would realise that they would be liable to penal action if they give wrong information, or fail to submit returns regularly and promptly. This measure would then strengthen the information gathering system on which both the substantive action of recommending a license and the secondary action of keeping a watch on its utilisation depend vitally.

Recommendation

Section V—Documentation and Technical Information Centre

31. The Directorate General are continuously required to tender day-to-day advice in the field of industrial development and production to different departments of the Government of India and even to private entrepreneurs. The advice so tendered is, in a majority of cases, the main determinant in the policy governing the industrial fabric of the country. It is important, therefore, that the technical talent in the organisation should be kept in a constant state of repair and refreshment and endowed with a perspective. It is recognised in all technical spheres that the collection, classification, storage and retrieval of technical information in a scientific manner must be an organic function of any institution having a major concern with technical knowledge. What is required for this is a documentation centre, Such

a centre, in the case of an organisation like the Directorate General, could do much to keep its technical personnel from the peril of technical obsolescence.

32. *Functions*: While a library serves as a catalogued warehouse of books useful for whole time research scholars, busy technocrats require the help of some one to distil out of the large mass of literature in the library something of relevance and purpose from their point of view. For this purpose, the library in this organisation needs to be operated not merely by a librarian but also by a well staffed documentation centre. Books, journals and articles will in this arrangement receive instant scrutiny by qualified staff and relevant information classified, documented, digested and circulated to the right quarters. The centre will also look out for new books or journals or discover new pieces of information from all possible sources so as to enrich the content of its important servicing task. The head of the documentation centre should scrutinise new arrivals either personally or assign the job to dependable staff, whose function would be to pick out information of immediate or future utility. He should also decide whether any of the books or journals or articles should be brought immediately to the notice of any particular officer. After relevant information has been identified, new arrivals should be passed on to documentation officers whose function should be to digest the material in a form brief as well as revealing. Some material may go under digest, but the less important stuff may be marked off for depth classification on special cards where a brief gist in one or two lines may be kept. Both digests and gists should be passed on to the library staff after proper editing. The library staff should issue weekly or fortnightly documentation lists for distribution to the officers concerned. The officers may then call for any article or book or may request the documentation centre for a more amplified digest. The documentation centre may also maintain special folders where position papers on subjects of current interest to the organisation may be maintained and kept uptodate. These folders should aim to give to technical officers on demand the total available information on a particular subject coupled with a bibliography indicating where further information may be had. For this purpose, the centre should have inter-institutional contacts with other technical and research organisations with which documentation lists and depth index cards can be exchanged.

Recommendation

33. The documentation centre should also concern itself with the publication of bulletins and hand-outs on technical matters for the guidance of entrepreneurs and Government organisations.

34. The centre should remain in constant touch with the C.S.I.R. and its research laboratories as also the National Research Development Corporation, and bring new process or production know-how under development in the country to the notice of the technical officers concerned, especially in the context of import substitution.

35. *Organisation*—Considering the importance we attach to this idea, we think that the library-cum-documentation centre

Recommendation

should be headed by a selected officer of the rank of Industrial Adviser, who should be directly responsible to the Director General himself. When the work of the centre has developed further, it may be necessary to have even a Senior Industrial Adviser at the head. He should be assisted by at least two full time Development Officers, one on the chemical side and the other on the engineering, for initial scrutiny and selection of material as well as finalisation of digests. Each Development Officer should again be assisted by two Assistant Development Officers for preparing digests and bibliographies, maintaining information folders, inter-institutional liaison and so on. The technical officers posted to this unit must be specially selected and should preferably be trained in documentation work, if necessary by deputing them for short term training to a suitable institution. Perhaps for the duration of their stay in the centre their designation should be Documentation Officers rather than Development Officers. It is important that the officers of the centre should maintain close contact with the technical officers of the various directorates.

36. As indicated above, the documentation centre should have the library as its integral part. While routine library work will have to continue to be done by the existing librarian, the additional work involved in maintaining depth index cards, information folders, documentation lists and so on will require a senior librarian in the scale of Rs. 400—900.

Recommendation

37. Based on the above discussion, the staff which the centre should have to start with should be as follows:—

Industrial Adviser (research, and documentation, extension and publications)	1
Documentation Officers	2
Asstt. Documentation Officers	4
Senior Librarian (Rs. 400—900)	1
Librarian	1
Stenographers	3
Steno-typists	5
Daftri	3
Peons	2

Section VI—Laboratory

38. In the course of discussion on development research, it came to our notice that a chemical laboratory has been in existence in this organisation for some time, but that its contribution has been very nominal. Its staff is being utilised for non-laboratory work and its annual out-lay has been slashed down by 90 per cent. Discussions with officers of the Directorate General revealed that the laboratory was originally intended to serve two purposes. Firstly, Development Officers could get samples from the industries tested at this laboratory and secondly, whenever any technical officer got a particular idea, he could get the usefulness of that idea tested in the laboratory. The laboratory has, however, no regular programme of research. The equipment is entirely inadequate for undertaking the type of research work

contemplated. We felt that the development of any technical idea into production or process know-how is neither feasible nor within the scope of the Directorate General. For this purpose the C.S.I.R. and its research laboratories, the N.R.D.C. and the research divisions of the different public and private sector projects already exist. We are, therefore, of the view that this laboratory could be closed down. The testing work, if any required, could be done through the national laboratories in the country. **Recommendation**

Section VII—Filing system, procedure for registration of receipts and issues and allied matters

39. Case studies indicate that the time spent on various routine operations in the Directorate General forms a substantial portion of the total disposal time. Installation of an improved filing system and simplification of the multifarious routine operations inherent in office work would go a long way in improving efficiency. With this end in view, the Department of Administrative Reforms prepared certain papers at our instance. Three such papers on the "filing system", "procedure for registration of receipts and issues", and the "working of the R & I Section" have been passed on to the Directorate General. Some very useful suggestions have been made in these papers and we trust that the Director General will have them examined and implemented to the extent feasible. **Recommendation**

40. A chart showing the proposed structural re-organisation of the Administration, Coordination and Public Relations Directorates based on the recommendation contained in this chapter is at Appendix IX.

41. *Regional Offices*—(i) A suggestion has been made to us that regional offices of the Directorate General of Technical Development should be established in different parts of the country. Two points of view have been advanced in support of this proposal. The first is that there is need for a continuous techno-economic survey of the country on a regional basis so that location of the industries can be scientifically determined. The second is that such regional offices would be in more intimate and direct contact with the industries and would be able to provide a more speedy advice and assistance. It has also been brought to our notice that at one stage Government had decided to set up such regional offices but the proposal was not actually implemented.

(ii) In so far as the first aspect is concerned, we have felt that techno-economic survey of the country is a huge job which can not be handled by setting up small regional offices of the Directorate General of Technical Development. If such a job is to be undertaken then it would be necessary to set up a separate suitable organisation for the purpose.

(iii) As regards the second aspect, we have felt that such regional offices, if established, would be able to act merely as post offices because it would not be possible to reproduce the Directorate General of Technical Development at the regional offices.

Recommendation

(iv) We are, therefore, of the view that no useful purpose will be served by setting up regional offices of the Directorate General of Technical Development. On the other hand the requirements of the second aspect will be better met if arrangements are made to strengthen the organisations of the State Director of Industries.

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CHAPTER VII

PERSONNEL ADMINISTRATION

It is unfortunately true that in most Government organisations the range of administrative problems falling under the ambit of "personnel administration" rarely receive the kind of systematic and planned attention that they deserve. This is particularly the case where organisations come into being as a result of some new need and keep undergoing changes as a result of changes in the general setting. While therefore, examining issues in personnel administration is an essential part of an administrative reforms exercise in any department, it is particularly necessary in an organisation like Directorate General of Technical Development. This department came into existence 15 years ago, and its growth has been so rapid that planning for personnel needs has not always been possible. Considering the important task assigned to this organisation, we felt that it would be useful if we were to take the opportunity afforded by this study to make a review of the personnel administration here.

2. Some problems in personnel administration have already been dealt with elsewhere in this report. The two most important of these are the following—

(i) The essential task of the organisation is a technical one and consequently it must not be allowed to get swamped by non-technical activities bringing in their wake large numbers of non-technical personnel. We have recommended elsewhere that non-technical personnel in technical directorates should be cut down to the minimum by eliminating some of the routine tasks handled in these directorates previously and by restructuring the directorates in an officer-oriented fashion, we have also tried to identify the non-technical tasks which need to be performed outside the technical directorates and have suggested a suitable structure for the Administration and Co-ordination Directorates to look after those tasks. Since a personnel policy must necessarily follow the organisational structure of a department, all our recommendations in regard to re-organisation constitute, in a sense, a basic contribution to the personnel administration of this department.

(ii) The problems of personnel administration are of a long range and continuing character, to solve which an *ad hoc* study of the kind undertaken by us is not enough. What is required is an institutional arrangement that will ensure a systematic and planned approach on a continuing basis. It was largely with this in mind that we came to the view that there should be a strengthening of the Administration Directorate. We have recommended elsewhere that there should be a Director of Administration with Deputy Directors to assist him in regard to aspects such as recruitment and development, welfare and vigilance. It is our hope that, with this institutional strengthening, personnel problems will begin to receive the increased attention that they require.

3. In our examination of the personnel fields, we did not go into the question of numbers. How many technical officers the department need to have, how many they will require with the expanding tasks of the Fourth Plan and what specialisations will need to be catered for our all important problems. We did not go into these for two reasons. Firstly, the whole question of numbers was gone into by Government recently and a certain strength fixed; we presumed that while arriving at this strength the present as well as future requirements had already been taken account of Secondly, we felt that our recommendations in regard to policy adjustments in licensing and registration work might result in an altered workload; the extent of reduction in work, if any, would be evident only after the policy reviews suggested by us have been carried out and a work measurement of the resulting situation made. The problem of numbers is therefore one which the Administration Directorate will need to go into in due course.

4. Our study has thus been confined to a relatively limited sector of personnel administration. We have tried to see whether the present arrangements in regard to levels of technical personnel, the qualifications required of them and the recruitment rules governing them are such as may be expected to get the best possible men for the department. In this exercise, the assumption made was that the Directorate General being charged with the responsibility of functioning as the chief technical advice agency of Government should be manned by personnel of adequate calibre, and that details like grades, recruitment procedures and so on must be adjusted towards that end. The key functionary in the heirarchy of technical officers is the development officer, and personnel policies need to be devised in such a way that good material can be secured at this level. However, it is equally important to examine levels below the development officer which assist him in his work and levels above which are charged with overall guidance and leadership. Altough we have examined the technical heirarchy as a whole, it is convenient to present our conclusions level-wise starting from the bottom.

5. *Junior technical officers*—These are Class II non-gazetted functionaries in the scale Rs. 325—575. They are recruited through the U.P.S.C. and the qualifications laid down for their recruitment are as follows:—

(a) *Engineering wing*—Degree in Engineering with one year's practical experience in industry or in engineering field.

OR

Diploma with three years' experience in industry in engineering field.

(b) *Chemicals wing*—Degree in chemical engineering or M.Sc. degree in Chemistry. About two years experience in production or designing work in chemical factory.

These qualifications are almost the same as those prescribed for the next higher level, viz. Assistant Development Officer, except that Junior Technical Officers in the engineering wing can be diploma-holders also. Experience in the department has shown that it is not possible to find enough suitable persons for the available posts in this grade. Graduate engineers do not find the scale attractive enough, particularly when promotion opportunities are limited; those who join soon drift away to other employments. On the engineering side, where diploma-holders are permitted, the posts are held mostly by these relatively less qualified persons. In the event of their promotion as Assistant Development Officers, they tend to dilute the technical competence of the organisation at the higher levels. In practice, there does not seem much scope for the utilisation of the technical qualifications of Junior Technical Officers, and many of them are utilised on non-technical duties. In our recommendations about reorganising the department, we have suggested that the level of Junior Technical Officers should be done away with. We reiterate that recommendation here and suggest that the existing officers at this level, when they waste out, should be replaced by either Assistant Development. Officers or U.D.Cs. depending upon the nature of work done by them. This would not apply to the Plywood Inspectorate where we understand Junior Technical Officers may continue to be required since the type of work involves routine inspections of end-products.

Recommendation

6. *Assistant Development Officers*—With the abolition of Junior Technical Officers, the basic technical level would be that of Assistant Development Officer. Functionaries at this level are Class I officers in the scale of Rs. 400--950. Hitherto there have been two sources of recruitment. One-third of the available posts have been filled by promotion from the rank of Junior Technical Officers and the remaining two-thirds by direct recruitment. With the abolition of the promotion source of Junior Technical Officers our first recommendation would be that recruitment of Assistant Development Officers should in future be 100 per cent from the direct recruitment source. However, till such time as existing Junior Technical Officers waste out, some promotion avenue may be kept open for them on a gradually reducing basis.

Recommendation

7. Rules prescribe that candidates other than those recruited through competitive examinations should have adequate experience in a workshop of repute. All technical officers of the Directorate General have to deal with problems of industrial undertakings in a knowledgeable and practicable manner. If an engineering graduate obtained through the process of direct recruitment stays desk-bound for the rest of his career, he is unlikely to be of practical use in dealing with issues concerning industrial units. After detailed discussions with the Director General and his senior officers, we are of the view that all officers serving in this organisation, irrespective of their channel of

entry, should have experience of working in industrial undertakings behind them. For direct recruit Assistant Development Officers, therefore, we recommend that, immediately after their recruitment, they should be sent out to selected industrial undertakings, public or private, to receive practical training for a period of two years. The training programme in each entrant's case should be drawn up in a purposeful manner and its implementation watched by the Industrial Adviser for whose division the trainee is earmarked. It would be useful for the Director General to obtain periodical progress reports from the undertaking on the trainee's performance. Recommendation

8. *Development Officers*—As observed earlier, the development officer is the key functionary for the technical work handled in the Directorate General and it is vitally important that posts at this level are filled by men of the right calibre. The present position regarding recruitment to this grade is that one half of the posts are filled by promotion, another one-third by direct recruitment and the rest by transfers from other departments. A study of the situation obtaining in November 1964 revealed that out of 66 Development Officers in position, more than half (35) were direct recruits, even though only one-third vacancies are meant to be filled from this source. Twelve of these had previously served in the organisation at lower levels. Of the remaining, 26 were promotees and 5 officers on transfer from other departments. Amongst the promotees, there were 15 who had put in over two years of service as Deputy Development Officers. Again, 15 out of the 26 promotees started their careers as Junior Technical Officers in this organisation. One of them is a sub-overseer, another a B.A. (Physics) and yet another only a B.A.

9. The basic problem in regard to attracting really good material to posts of Development Officers is that of providing an adequate monetary incentive. Experienced and worth-while engineers are rare, and Government cannot hope to match scales of pay in the private sector. Despite these difficulties, something needs to be done so that the organisation does not lose the benefit of enrichment through persons coming in from industry at the level of Development Officers. The present pay scale at this level is Rs. 700—1,600, and represents a consolidation of two earlier scales, viz. Rs. 600—1,150 for Deputy Development Officers and Rs. 1,300—1,800 for Development Officers. There are two weak points in this and our recommendations about them are as below:—

(1) The starting point of the scale is low and just not good enough to attract really capable persons from the open market. We recommend, therefore, that in the case of posts to be filled from the open market through the U.P.S.C., there should be a willingness to concede higher starting salaries for deserving persons and that procedures to permit starting salaries up to Rs. 1,300 per mensem may be made simple and quick. Recommendation

(2) The highest point of the scale also appears low, although it is high enough for a scale commencing at Rs. 700. Originally the scale for development officers

went up to Rs. 1,800. In some other organisations, we understand that the scales for comparable posts already go up to Rs. 1,800. There is, therefore, a case for examining whether a provision should not be made to ensure that Development Officers can reasonably aspire to reach the level of Rs. 1,800 per month. A lengthening of the already long scale of Rs. 700—1,600 may not be advisable. We recommend, however, that there should be a selection grade for Development Officers in the scale of Rs. 1,600—100—1,800. The number of posts in this grade would have to be arrived at after taking account of the factors usually reckoned with i.e. promotion chances, possibilities of officers getting blocked at the top of the normal scale and so on. **Recommendation**

10. As already observed, it is important that all technical officers serving in this organisation, irrespective of their channel of entry, should have had some experience of working in industrial undertakings. It is for this reason that we have earlier recommended a scheme of training Assistant Development Officers by sending them out to selected industries for two years. We would now go on to recommend that direct recruits at the level of Development Officer should be required to possess at least two years practical experience in industrial undertakings out of the five years practical experience that is prescribed in the existing minimum qualifications. Even in regard to appointments by promotion or transfer, those who have had practical experience of two years in industrial undertakings should be given preference over those whose experience is limited to office work. **Recommendation**

11. Since Development Officers have to provide advice and consultancy to both Government and industry, it is important that their technical competence is kept at a high pitch. The nature of their work is such that, even in the ordinary course, they would to a large extent be able to keep pace with new developments. However, we recommend that there should be a purposeful programme for sending selected Development Officers abroad for training whenever suitable opportunities arise. **Recommendation**

Industrial Advisers

12. At present, two grades of Industrial Adviser are sanctioned—Industrial Adviser in the scale of Rs. 1,800—2,000 and Senior Industrial Adviser in the scale of Rs. 2,000—2,250. Against one of the posts of Senior Industrial Advisers, a person drawn from the industry has been appointed temporarily on an *ad hoc* basis on a salary of Rs. 2,750. The remaining posts of Senior Industrial Advisers are being kept in abeyance and, in lieu thereof, two posts of Deputy Directors General have been created on a pay of Rs. 2,500. This pay has since been revised to Rs. 2,750 on the basis of the general orders issued by the Ministry of Finance regarding the revision of the scale of pay of the senior posts.

(ii) The Industrial Advisers have to shoulder a major burden of responsibility in the Directorate General. The onus of giving day-to-day technical advice to ministries, Planning Commission and the private sector and participating in discussions in ministries etc. mainly falls on the Industrial Advisers as it is not practicable for the Director General and even the Deputy Directors General to attend to such matters. By the very nature of their functions, therefore, the Industrial Advisers are called upon to shoulder a considerable amount of responsibility and to play an important part in the matter of giving technical advice to administrative ministries. We feel that the present scale of pay allowed to the Industrial Advisers is not commensurate with the measure of responsibility devolving on them.

(iii) We have also noticed that the post of Director General always goes to an outsider. The Industrial Advisers have, therefore, nothing to look forward to except the two posts of Deputy Directors General. This avenue of promotion is very inadequate and the scale of pay of an Industrial Adviser is also not sufficiently long. Most of the present incumbents are already drawing the maximum of their scale and they will stay in that position until perhaps they retire from service.

Recommendation

(iv) In view of the considerations mentioned above, we feel that there is sufficient justification for revising the scale of pay of the Industrial Advisers. We, therefore, recommend that the scale should be enlarged from Rs. 1,800—2,000 to Rs. 1,800—2,250. In that event, the separate grade of Senior Industrial Adviser might be abolished.

Recommendation

13. *Deputation and training reserves*—To enable implementation of the recommendation that Assistant Development Officers should be sent to industrial undertakings for two years to receive practical training and that Development Officers should be sent abroad for training, and also to enable the organisation to make available the services of suitable officers to State Governments for which we understand that there is a persistent demand, we recommend that a suitable deputation and training reserve should be created in the technical cadres of the Directorate General.

Recommendation

14. *Confirmation*—A good number of officers are still temporary. This is due partly to posts being temporary and partly to non-conversion of temporary posts into permanent posts. We recommend that early steps should be taken to make temporary posts permanent where justification exists, and to confirm officers against the permanent posts.

Recommendation

15. *Rotation of officers*—To enable technical officers to develop a broad outlook and to diversify their experience it would be a good policy if they are periodically rotated as between various directorates to the extent practicable. For this purpose, directorates might be grouped together depending on the similarity or interconnected nature of work on which they are engaged and officers interchanged within each such group.

CHAPTER VIII

DEVELOPMENT COUNCILS

Existing position

1. Under the Industries (Development and Regulation) Act, 1951, the Central Government may establish for any scheduled industry or group of scheduled industries, a development council consisting of persons capable of representing the interests of owners, employees and consumers and also persons having special knowledge of matters relating to the technical or other aspects of the scheduled industries covered. Development Councils are required to make recommendations regarding targets for production, coordination of production programmes, norms of efficiency, optimum utilisation of installed capacity, better marketing and distribution, standardization, development of new materials and their commercial exploitation, promotion of training, and scientific and industrial research. Broadly, development councils are meant to provide a forum for thinking to be done on how to achieve coordinated development and increased productivity. We have been told that for some industries, panels have been set up instead of development councils. These are smaller in size but are intended to serve the same purpose as development councils.

2. The maximum strength of a council is prescribed as 30, including the chairman who is generally a non-official. For industries looked after by the Directorate General of Technical Development, the Development Officer concerned acts as the secretary and provides all secretariat services. Meetings can be held as often as required, their being no stipulation about minimum frequency. The tenure of a development council is two years after which it is to be reconstituted. Under Section 9 of the Industries (Development and Regulation) Act, the Central Government can levy a cess and hand over the proceeds to the development council concerned, which has to utilise it on scientific and industrial research, improvement in design and quality, training, etc.

3. *Case studies*—Case studies of the functioning of the following four development councils were conducted:—

(i) Oils and detergents
(ii) Non-ferrous metals
(iii) Light electrical industries (since abolished)
(iv) Heavy electrical industries.

For the purpose of the studies, meetings held by these councils during 1963-64 and 1964-65 were taken into consideration. The strength of the councils ranged from 28 to 30. During the two years under review, the development council on light electrical industries held two meetings, while the others held three meetings each. Absenteeism in these meetings ranged from 7 to 13 persons. Notices for meetings were issued more than ten days in advance as prescribed, but the time taken for the issue of minutes ranged from 15 to 245 days. Out of ten meetings for which minutes were issued, in six the minutes were issued after a lapse of more than one month. Mainly, the items discussed in the meetings were targets of production, export promotion, taxes, prices, allocation of raw materials, etc.

4. From the discussions we had with senior officers of the organisation and from case studies, we are convinced that development councils or panels can play a crucially important role in industrial development and offer the best forum for a 'get-together' between the Government, industry, and scientists and technologists for the identification of problems and for discovering lines of solving them in the best interest of the country. Discussions in these bodies can help to bridge the gaps between policy and implementation, between theory and practical considerations, and between targets and actual production. We were impressed by the fact that, where development councils/panels received the right guidance, they contributed materially to the development of their sectors of industry. Considering all these factors, we would recommend that, as the one forum where development and production problems of an industry can be discussed with the different interest groups, development councils/panels should be established in all major sectors of industry except where development has already reached the stage beyond which it can hardly derive any benefit from such a body. It is our view that the time and money spent on these councils/panels are well spent and it would amount to being penny-wise to lay undue emphasis on economy in expenditure connected with meetings of these bodies.

Recommendation

5. *Composition*—While the size of a panel is reasonable we were not clear whether a council consisting of as many as 28 to 30 members could have business like discussions on the complex issues of technology and efficiency in production. It would seem desirable to have more compact development councils and to select members with scrupulous care so as to include only those who have considerable experience in the field and can make a useful contribution to the discussions. The opportunity of reconstituting the development council every two years should be availed of to induct fresh blood and shed indifferent elements.

Recommendation

6. *Secretariat*—Development councils can hardly be more effective than the secretariats which serve them. In fact, the success of this institution of councils very largely depends on the kind of secretariat support they get. Considering the crucial role which development councils have to play, we would recommend that while Development Officers should continue to function as secretaries of development councils/panels, the Industrial Advisers should be made members so that they are closely connected with the working of such bodies and also provide superior and more responsible guidance. In the case of some very important industries, Industrial Advisers might even be appointed as secretaries.

Recommendation

7. Elsewhere in this report we have recommended the introduction of an officer oriented system of working in the technical directorates. Under this system, we have provided only one U.D.C. for a group consisting of one Development Officer,

one Assistant Development Officer and one Junior Technical Officer. As this U.D.C. will be fully occupied with the normal development work of the groups, it will not be possible for him to handle, in addition, the work of development councils/panels. We, therefore, recommend that one U.D.C. should be provided for each development council/panel. We are satisfied that if the development councils/panels function in the spirit of our recommendations, there would be enough work to justify one whole time U.D.C. for each development council/panel.

Recommendation

8. *Frequency of meetings and agenda items*—Development councils/panels should be required to hold at least one meeting in six months and the following may be prescribed as standing items on their agenda:—

(a) implementation of recommendations made in the previous meetings;
(b) import substitution;
(c) export promotion; and
(d) productivity problems.

9. *Preparation of agenda*—The Industrial Adviser concerned should ensure that action to prepare agenda and agenda notes is initiated at least one month in advance of the issue of notice of meeting and that suggestions received from different quarters are duly and adequately reflected in the agenda. The agenda should bring out specific operational issues on which clear decisions can be taken. The Industrial Adviser should also decide if any particular individual has to be invited specially for any item. Representatives of the C.S.I.R., heads of research laboratories and representatives of the National Research Development Corporation should be invited to meetings where their presence would be of assistance, besides their being asked to suggest items concerning import substitution and industrial research problems for inclusion in the agenda.

10. *Minutes*—The Industrial Adviser concerned should ensure that minutes are issued within 15 days of a meeting and circulated to all concerned.

Recommendations

11. *Follow up*—(a) In order to do justice to the discussions held, recommendations made or problems pointed out in the meetings of development councils/panels, there should be a mechanism for their immediate communication to the agency concerned and follow up for implementation in the secretariat of each development council/panel. For this purpose, a register of decisions, recommendations, problems raised and other suggestions received should be opened in the secretariat of each council/panel. If the matter concerns the Directorate General for implementation, an extract of the minutes should be sent to the Development Officer concerned immediately. For instance, if a recommendation concerns import policy or indigenous clearance, it should find a place immediately in the master files for foreign exchange allocation or the policy file on indigenous clearance. This will ensure that at the appropriate time the recommendation gets due consideration. The register should be put up before the Deputy Director General concerned once in a quarter.

Recommendation

Recommendation

(b) The matters on which decisions have to be taken by other ministries/departments, should be referred to them. In order, however, that these matters are not lost sight of or decisions thereon are not unduly delayed, it is necessary to provide for an arrangement under which decisions on such matters can be expedited. We recommend that the Directorate General should bring all items which remain outstanding for more than six months to the notice of the Ministry of Industry. Thereafter the responsibility to follow up the items in question should devolve on that ministry. We further recommend that the Ministry of Industry should arrange to have such matters discussed at meetings at which all interests should be represented so that speedy decisions can be taken.

Recommendation

12. *Development councils and scientific and industrial research*—We are of the view that development councils/panels can help to bridge the still persistent gap between scientific research in laboratories and commercial exploitation of laboratory results on the shop floor. The need for this is particularly great under the present circumstances of scarce foreign exchange resources. Whereas the C.S.I.R. and scientific laboratories should approach development councils/panels with their research potentialities and at meetings identify areas in the field of process know-how or product know-how which require to be developed, the industry on its part should utilise councils/panels in programming the extension of laboratory research results to pilot plant and project development stages. Development councils/panels could also explore the scope for starting cooperative research programmes where possible so that duplication of effort is avoided. Through these councils/panels, research and pilot development results can be made available widely for commercial exploitation. In this regard the provision in the Industries (Development and Regulation) Act for levying a cess for financing such activities through development council needs to be utilised.

CHAPTER IX

FORMS AND RETURNS

The Directorate General of Technical Development receive a large number of returns from industrial undertakings. They also submit a sizable number of returns to various Ministries of the Government of India. We felt that it would be useful to study whether all these returns were really necessary and whether it was possible to eliminate some of them and simplify others. In view of the magnitude of the problem, we formed a small committee to go into this question. This committee held 23 meetings and consulted the Development Officers concerned with particular forms or returns. The committee's report was considered by us and we decided to circulate it to all Industrial Advisers for their comments. We wanted to be sure that in our drive for eliminating unnecessary forms we did not go too far. Our final recommendations on forms and returns, therefore, represent conclusions reached through a fairly intensive process of consultation with both Development Officers and Industrial Advisers.

2. In this study, the following main objectives were kept in view:—

(a) whether any form or part thereof was non-essential and could be eliminated;

(b) whether two or more related forms having certain common features could be suitably combined into a single form to avoid repetitive items and, in consequence, waste of time, effort and stationery;

(c) whether the number of copies of a form required to be filled in was the absolute minimum; and

(d) whether the description of various items on a form was simple, concise and intelligible.

3. The forms and returns with which the Directorate General are concerned fall into the following three broad categories in order of importance:—

(a) Forms and returns which the Directorate General obtain from industrial units and other outside agencies.

(b) Forms and returns which the Directorate General send to other organisations or submits to Government.

(c) Forms and returns devised by the various directorates for internal use.

In the time available we were able to cover forms and returns falling in the first two categories only.

4. In regard to category (a), there were two kinds of forms. There were, first, what might be called common forms applicable to work in all directorates; our recommendations about

Recommendation

these common forms are set out in appendix X. There were then forms special to particular directorates, and our recommendations about these are in appendix XI.

Recommendation

5. In regard to category (b), our recommendations about returns submitted to ministries are set out in appendix XII.

6. The following is a brief analysis of the above recommendations:—

(a) *Common forms*:

Out of 10 common forms, nine are proposed to be revised. In the case of 2 forms, periodicity is proposed to be changed from monthly to half-yearly.

(b) *Returns received from industry*:

Out of 86 returns received from the industry (covering both chemicals and engineering directorates), it has been recommended that:—

(i) 34 returns should be continued as at present;
(ii) 16 returns should be discontinued;
(iii) 25 returns should be replaced by some of the common forms mentioned at (a) above;
(iv) periodicity to be changed:—
  Monthly to quarterly—5
  monthly to yearly—1
  quarterly to half-yearly—4
  half-yearly to yearly—1
  } 11

(c) *Returns submitted by the Directorate General to the ministries*:

Out of 20 returns submitted by the Directorate General to ministries etc. it has been recommended that 9 returns should be discontinued.

7. The major contributory reason for the existence of a large number of forms and returns in this organisation is the scarcity of raw materials that has prevailed over some time and the consequent need to ensure controlled and regulated distribution. The position about raw materials, however, keeps changing. With every change there should be a review of forms and returns to see whether any reduction or simplification is possible. Whether in the raw materials field or otherwise, there is a tendency for returns once introduced to remain indefinitely, chiefly because of a certain inertia which prevents weeding out of obsolete returns. We recommend that arrangements should be introduced in the organisation for reviewing all forms and returns once in a year, somewhat on the lines of the exercise carried out by us, so that returns which have ceased to be essential can be eliminated, or where possible, their periodicity can be reduced. Also, no new return should be introduced or an existing one revised by any one directorate without first obtaining the approval of the Deputy Director General concerned. In the annual review recommended, the formats should also be reviewed with a view to simplifying them according to current needs.

Recommendation

8. From our study, it appears that one of the contributory causes for so many forms having been introduced is that the Directorate General are sometimes called upon to furnish information to ministries and other authorities on various aspects of industrialisation not always directly concerning the work or responsibilities of this organisation. We have noticed a tendency on the part of ministries to make use of the Directorate General to collect statistics on their behalf, presumably because this organisation is in a position of strength *vis-a-vis* industrial units to be able to do so. While we are not against this in regard to the collection of essential statistics, we would recommend that the Directorate General should be careful about accepting such assignments as are not directly connected with their responsibilities and should not hesitate to decline to take on tasks not satisfying this condition.

Recommendation

CHAPTER X

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

CHAPTER I

INTRODUCTION

1. Six months or so after this report has been implemented, there should be a thorough work study of the organisation in order to make adjustments of staff in relation to the actual work load. (Para 5).

CHAPTER II

ROLE OF THE DIRECTORATE GENERAL OF TECHNICAL DEVELOPMENT IN THE PLANNING OF INDUSTRIAL DEVELOPMENT

2. In view of the progressively widening spectrum of industry and the deeper involvement of Government in industrial development, it would not really be administratively practicable for one single Ministry to look after the entire field of industry. (Para 5).

3. (a) However, in order to ensure an integrated pattern of industrial development in the country, the planning of development in different sectors of industry would have to be coordinated. (Para 7).

(b) Co-ordination during the stages of long term planning would have to continue to be provided by the Planning Commission and that D.G.T.D.'s officers should continue to play an effective role by being actively associated with the working groups appointed in this connection. [Para 7(ii)].

(c) As regards the day-to-day implementation of the plan, the necessary co-ordination should be provided by the Ministry of Industry. To enable that Ministry to fulfil this role effectively, the D.G.T.D. should work in close collaboration with them. [Para 7(ii)].

4. As the total lay out of the entire Governmental machinery dealing with industrial sector has not been examined, it has not been practicable to make any definite recommendation as to which would be the appropriate Ministry in the machinery of Government to which the D.G.T.D. could be attached with maximum advantage. This is, however, an important issue and should be considered urgently by Government as part of an overall study of the functions of the Ministry of Industry and other ministries in the administratrative charge of the different sectors of industry. [Para 7(ii)].

5. Administratively it would not be a feasible arrangement to create a single omnibus organisation to look after the technical aspects of the entire industrial field. (Para 8).

6. In view of the considerations mentioned in the report, there is, however, adequate justification for continuing a separate technical organisation like the D.G.T.D. (Para 9).

7. There are a number of industries which are inter-connected and inter-linked and if there has to be co-ordinated development in those industries, covering both the public and the private sectors, then it is necessary that their development should continue to be looked after by a single technical organisation like the D.G.T.D. (Para 9).

8. When an industry can be isolated from the D.G.T.D. and has adequately developed so that a separate viable technical unit can be formed for it, then it may be taken out from the organisation and entrusted to a separate technical organisation specially set up for this purpose as has already been done in the case of sugar, textile, vanaspati etc. While the separate technical organisations can look after the development of the actual production of the commodities concerned, the development of plant and machinery required by these industries would have to continue to be looked after by the D.G.T.D. as part of the engineering industry whose development would remain in the charge of the DGTD. (Para 9).

9. With the creation of a number of ministries for dealing with different sectors of industry, there are signs of a tendency developing among them of looking upon the D.G.T.D. as an outside organisation and consulting them less and less particularly in respect of public sector projects. This a very unhealthy tendency and needs to be curbed. If the ministries are experiencing any administrative difficulties in practice in making full use of the services of the D.G.T.D., such difficulties should be urgently removed. The administrative ministries should not only be encouraged but facilitated to look up to and draw upon the services of the D.G.T.D. (Para 10).

10. The role and functions of the planning cells proposed to be set up in the administrative ministries dealing with industries should be clearly demarcated so that there is no over-lapping of functions between these cells and the D.G.T.D. The planning cells should confine their activities only to the implementation and progressing of public sector projects and the work of overall planning or the development of private sector should not be entrusted to them. In respect of industries handled by the D.G.T.D., the D.G.T.D. should be considered the sole adviser in the matter of overall planning of industrial development and the Planning Commission and the administrative ministries should look only to the D.G.T.D. for technical advice on such matters. (Para 13).

11. The D.G.T.D. should be fully associated with the public sector projects, firstly at the time of planning, secondly at the time of the examination of the project report and thirdly by keeping the D.G.T.D. informed of the progress of the public sector projects. (Para 15).

12. It is not feasible to entrust the planning of industries in an Industrial Adviser's division to a single Development Officer. At the Development Officer's level the responsibility for planning should rest fairly and squarely on the Development Officer who is actually incharge of a particular set of industries and has to deal with their day-to-day developmental problems. (Para 16).

13. Responsibility for co-ordinating planning work within a particular Industrial Adviser's division should rest on the Industrial Adviser himself. The Industrial Adviser may, however, utilise the services of one of his Development Officers or Assistant Development Officers for assisting him in the planning work if the volume of work involved justifies such assistance. (Para 16).

CHAPTER III

INDUSTRIAL LICENSING

14. The responsibility for preparing summaries for the Licensing/Rejection Committee should be placed on the secretariat of these committees in the Ministry of Industry instead of resting with the various administrative ministries as at present. [Para 17(i)].

15. The advice of the D.G.T.D. on licensing/registration applications should go direct to the secretariat of the Licensing/Rejection Committee with a copy to the administrative ministry concerned. [Para 17(ii)].

16. The secretariat should proceed to prepare a summary for submission to the Licensing/Rejection Committee as soon as the advice of the D.G.T.D. is received. If within ten days of receipt of the technical advice, the comments of the administrative ministry also come in, they should be incorporated in the summary and the item brought on the agenda of the next meeting. Otherwise, the summary should be finalised without waiting further for the comments of the administrative ministry. [Para 17(iii)].

17. Administrative ministry should arrange for quick consideration of cases in the light of the technical advice received from the D.G.T.D. If they can not send their comments to the secretariat of the Licensing Committee within ten days, they should furnish their views at the meeting of the Committee itself. [Para 17(iv)].

18. After an application has been considered by the Licensing/Rejection Committee and the Minister's approval has been obtained, the decision should be communicated to the applicant by the secretariat. Where it is decided to grant a licence, the licence should also be issued by the secretariat. [Para 17(v)].

19. The comments of the State Govts. should also go direct to the secretariat of the Licensing/Rejection Committee. [Para 17(vi)].

20. In consequence of the procedure proposed above, the entire process of receiving applications, obtaining comments of the authorities concerned, preparing summaries for the Licensing/Rejection Committee, informing parties of the out-come, issuing of licences and keeping an eye on pending applications will be centralised in the secretariat of the Licensing Committee. This procedure will reduce a substantial part of the time presently taken by the administrative ministries and would also enable the secretariat to help the committees to dispose of applications according to a time table. (Para 18).

Handling of applications in Directorate General of Technical Development

21. Copies of applications forwarded by the Ministry of Industry should be routed through the Co-ordination Directorate in the D.G.T.D. where they should continue to be registered as at present. The Co-ordination Directorate should not take more than a day or two to pass on an application to the concerned directorate. (Para 20).

22. The technical directorates should send their comments direct to the Ministry of Industry with copies endorsed to the administrative ministry concerned as well as the Co-ordination Directorate. (Para 20).

23. Whatever additional information/clarification is required, should be called for from the applicant within 10 days of the receipt of an application by the technical directorate. (Para 21).

24. A drill for handling of the applications in the technical directorates has been suggested. (Para 23).

25. Every week a statement showing the licensing cases which have been disposed of finally at a level lower than the Director General should be prepared and submitted for information to the Deputy Director General and the Director General. (Para 23).

26. The instructions that no application should be disposed of at a level lower than that of Industrial Adviser should be strictly enforced. (Para 23).

27. If in any case it becomes necessary for the sponsoring directorate to consult another directorate, it should be the responsibility of the sponsoring directorate to obtain the comments of the other directorates and thereafter to formulate final consolidated comments of the Directorate General. (Para 23).

28. To facilitate and expedite the handling of the applications in the D.G.T.D., an applicant should submit separate applications for separate articles of manufacture unless they can be manufactured with the help of the same plant and machinery. (Para 24).

29. In the context of an average of 145 days taken in the final disposal of an industrial licensing application, the average of 45 days taken for the examination of the application in the D.G.T.D. can not be regarded as excessive, particularly, as the examination by the D.G.T.D. constitutes a very vital stage in

the process whereas the rest of the time spent in other organisations is devoted mostly to routine operations. The examination of the applications in the D.G.T.D. would suffer in quality if the time allowed to them is drastically cut down without corresponding reductions in the time spent elsewhere. More appropriately, efforts should be made to reduce the time taken in administrative ministries. (Para 25).

30. It would suffice if the D.G.T.D. can dispose of an application within a period ranging from 21 to 45 days. If, however, an applicant takes an unduly long time in furnishing additional information or clarification where called for, then the time allowed to the D.G.T.D. would necessarily have to be extended. (Para 25).

Handling of applications in Administrative Ministries

31. To help the applicant to fill in the form properly and to satisfy the requirements of the rules, an explanatory memorandum should be attached to the application form. [Para 27(a).]

32. Incomplete applications including those where information has not been furnished against all the columns of the application should be returned by the Ministry of Industry to the applicant straightaway pointing out the defects. [Para 27(b)].

33. Where the Ministry of Industry can easily make out that an application pertains to an industry which is included in the banned list, they should immediately return it to the applicant and should not refer it to the D.G.T.D. for technical comments unless there are any special circumstances justifying the consideration of that application. [Para 27(d)].

34. A note should be added at the bottom of the application form stating that an application should be self-contained. If, in spite of this, a covering letter is received which gives any additional material/information, then the Ministry of Industry should pass on that covering letter also in original to the D.G.T.D. along with a copy of the application, to be returned by the D.G.T.D. to the Ministry of Industry along with their comments on the application. [Para 27(e)].

35. Regular days should be fixed for the meetings of Licensing/Rejection Committee once a fortnight and steps taken to ensure that the meetings are held without fail on those days. (Para 28).

36. Suggestions have been made for reducing the time spent on different operations in the administrative ministries and a time table of 70 to 98 days has been recommended for the final disposal of an application. (Para 34).

37. For keeping watch on the disposal of applications, the Central Licensing Policy Section should maintain its record up-to-date and should prepare the pending list itself without any delay and without calling for such lists from the administrative ministries. (Para 31).

38. The list of pending cases should also be formally discussed in the meeting of the Licensing Committee and its directions should be incorporated in its minutes. (Para 32).

39. To enable the Reviewing Committee to do a meaningful examination of the statements showing the time taken in the disposal of industrial licence applications, as also the statements of acceptance and rejection of cases, these statements should be prepared on an industry-wise basis. The details of all applications which have been pending disposal for more than three months should also be furnished to the Reviewing Sub-Committee. (Para 23).

CHAPTER IV

INDUSTRIAL LICENSING (*Miscellaneous*)

40. Particular attention should be paid at the time of the periodical review of the industrial policy to those industries where there is already under-utilisation due to paucity of foreign exchange or shortage of raw material. The aim should be to ensure that ordinarily no new capacity is encouraged in these industries unless the existing capacities are utilised up to an optimum level to be determined for each industry on the basis of the forecast of resources that would become available at a future date and gestation period for the setting up of new capacities. (Para 3).

41. As a general rule, industrial policy should be enunciated once a year on a formal basis. This should not, however, preclude a review of the policy every six months or in strategic industries even more frequently, the changes, if any, arising out of such reviews being made known through a public notice. Such changes during the currency of the licensing policy should be more an exception than the rule. (Para 4).

42. The decisions regarding the industrial policy as also any changes accepted by Government in mid-year should be made known to the public within a minimum practicable number of days after the policy Reviewing Committee have made their recommendations and all applications for setting up units in an industry affected by the changes in industrial policy received within 30 days after the announcement of the policy should be included together in the agenda for consideration by the Licensing Committee. (Para 5).

43. The D.C., S.S.I. should make available to the D.G.T.D. complete information in respect of capacities installed in the small scale sector so that the D.G.T.D. can take the development in this sector into account at the time of the review of the industrial policy. (Para 6).

44. It would not be desirable to introduce any system of phasing of industrial licensing. A careful watch should however, be kept on the implementation of the licences so that a licence can be revoked at the earliest point of time when it is found that the licensee is not likely to implement the scheme, thereby releasing industrial capacity for being utilised by other entrepreneurs. (Para 8).

45. To provide for adequate arrangements for dealing with appeals consistent with the requirements of natural justice, there

should be an "appeals sub-committee" of the Licensing Committee, consisting of the Chairman of the Licensing Committee, the Secretary of the administrative ministry concerned and the D.G.T.D. or other technical adviser concerned, which should consider all appeals, give hearings to parties if they wish to be heard and recommend reconsideration to Licensing Committee where justified. (Para 14).

'G' RETURNS

46. 'G' return is a very important instrument for keeping watch on the implementation and progress of private sector projects. The D.G.T.D. should insist on such a return being submitted regularly and punctually, giving complete information. Defaulters should be reminded and where necessary suitable action should be initiated against them. (Para 20).

47. All 'G' returns must be put up atleast to the level of Development Officer, who should examine them carefully. Where it is noticed that reasonable progress is not being made, the matter should be brought to the notice of the higher officer for considering the future line of action. (Para 21).

48. Of the three alternative "effective steps" at present prescribed, the alternative that "a firm order has been placed for a substantial part of the plant and machinery required for an undertaking" should be adopted as the only effective step and that the other two alternatives should be omitted. (Para 22).

49. Where an industrial license has been issued subsequent to the issue of a letter of intent, a period of six months should ordinarily be adequate for the purpose of taking the effective step mentioned above. (Para 22).

50. There should be a provision in the licence for its automatic revocation if the effective step is not taken within the prescribed time-limit and the applicant also does not apply for an extension of the time-limit in time. Where a licensee is unable to take the effective step within the precribed time-limit for certain valid reasons beyond his control, it would be incumbent on him to apply for the extension of the licence in time and it will be for the Government to decide whether such an extension should be granted. (Para 22).

51. Instead of laying down a uniform time limits for all cases, the Licensing Committee should prescribe a period for starting production on the merits of each application. The D.G.T.D. should, in their technical comments, include a specific recommendation in regard to the time limit to be prescribed for commencing production. (Para 22).

52. Central authorities, other than the D.G.T.D., who at present receive copies of 'G' returns, should examine whether they really make any use of these returns. If not, the supply of copies of this return to them should be discontinued. (Para 23).

53. A copy of the 'G' return should go to the State Directors of Industries direct from the undertakings concerned. The Directors of Industries should also examine the returns carefully and if any difficulties have been mentioned which can be solved at the State level then they should take steps to assist licensees in solving them.

54. 'G' return should continue to be submitted until the capacity indicated in the licence has been fully installed and the undertaking actually commences production. The relevant rule should be amended to make this position very clear. (Para 24).

CHAPTER V

REGISTRATION OF INDUSTRIAL UNDERTAKINGS

55. A revision of the schedule to the Industries (Development and Regulation) Act should be taken up as early as possible, particularly to see whether any of the non-scheduled industries of which units are being looked after by the Director General need to be included in the schedule. The test should be strictly that of overall public interest, and not that of extent of dependence on imports or allocations. It seems necessary to revise the schedule so as to bring to an end what appears to be a some-what unconstitutional position in which the D.G.T.D. are looking after industries in the State list. (Para 10).

56. In the scheduled sector, the area freed from licensing (e.g. sub-25 lakh units in all except a few industries) should be reviewed to see whether all units falling in this area cannot also be freed from central registration and passed on to the States. Here also, the test should be overall public interest and not dependence on imports and allocations. Retention at the Centre of any portion of the de-licensed sector should be the exception rather than the rule. [Para 10(ii)].

57. Passing on any industries to the States should be accompanied by a suitable enhancement in the foreign exchange allocation made to each State for the requirements of the small scale sector. If necessary, there could be an earmarked allocation for the medium scale sector transferred to the States. [Para 10(ii)].

58. There should be a similar approach in regard to allocation of indigenous raw materials in scarce supply, e.g. controlled categories of steel. [Para 10(iv)].

59. Pending a review on the above lines, units registered with the D.G.T.D. which do not require any foreign exchange should be immediately transferred to the State Governments. [Para 10(v)].

60. Registration applications should be received in the Ministry of Industry in the same manner as licence applications. They should also be distributed to the various authorities from whom comments are required in the same manner. These authorities should be asked to furnish comments within 45 days with a clear understanding that if no comments are received it will be presumed that the authorities concerned have no comments to offer. [Para 19(a)].

61. The time-limit of 45 days should apply to the D.G.T.D. also. The D.G.T.D. will have to see that their comments do actually go within 45 days, because it will not be possible for the Rejection Committee to deal with a case without comments from this organisation. [Para 19(b)].

62. At the end of 45 days, the secretariat should consolidate the comments received and place the case before the Committee. [Para 19(c)].

63. The position in regard to comments of the administrative ministry concerned should be the same as recommended for dealing with licence applications. In other words, if the comments of the administrative ministry do not come in within 45 days, the case summary should be prepared any way. The administrative ministry representative could, in such cases, mention the views of the ministry at the meeting of the Rejection Committee. It should be ensured that a copy of the comments of the D.G.T.D. goes to the administrative ministry. [Para 19(d)].

64. If the replies received from all show no difference of opinion, a decision may be taken by the Joint Secretary who normally presides over the Rejection Committee, without waiting for the next meeting of the Committee. Only such cases need actually go before the Committee where there is some difference of opinion. [Para 19(e)].

65. Following the arrangements proposed for appeals in licence cases, here too appeals sub-committees may function in the same manner as visualised for appeals in the case of licences. Government may also consider furnishing a statement of rejected cases of registration to the reviewing sub-committee of the Central Advisory Council of Industries. (Para 20).

66. In case the review of policy suggested earlier leaves a signaficant volume of registration work still to be handled in the D.GT.D., a suitable fee should be prescribed for registration applications. (Para 21).

67. In case registration work is to remain with the D.G.T.D. in significant volume, there is a need to define fixed assets clearly. The basis for evaluation also needs to be specified i.e. whether it should be the original purchase value or the current market value. Clear instructions on all these points should be worked out and made known. [Para 21(b)].

68 Registration of a unit where capital goods are imported is done immediately after a licence for import is granted. It could be that an applicant does not take further steps for commencing production for a long time after obtaining the import licence. It is suggested that registration in such cases should be done only after the applicant has opened a letter of credit for a substantial portion of the machinery. [Para 21(c)].

69. For industries considered important enough to be retained for central registration after the policy review suggested above, a form may be devised by the D.G.T.D. on the pattern of 'G' returns, on which units should be required to furnish periodical information about implementation of their projects. [Para 21(d)].

70. So long as there is central registration, the banned list should operate for registration as strictly as it does for industrial licences. [Para 21(e)].

CHAPTER VI

STRUCTURAL RE-ORGANISATION

71. The functions of the D.G.T.D. being mostly technical in nature, the organisation is well suited for an officer-oriented system of working. This system has been tried, as an experiment, for about a year in one directorate with noticeable improvement in efficiency, and quicker disposal of business. This system with such modifications as may be considered necessary, should be extended to all technical directorates. The salient features of the system are— (Para 4).

(a) The industries looked after by the division are so allocated to the Development Officers in the division that the charge of each comprises allied and related industries.

(b) Each Development Officer's charge is an administrative group consisting of the Development Officer, one Assistant Development Officer, one Junior Technical Officer and one upper division clerk. The Development Officer is provided with a full time stenographer and the Assistant Development Officer a full time steno-typist.

(c) Items of work are so categorised and allotted that as far as possible, cases go to the appropriate level direct without being routed through intermediate lower levels.

(d) Disposal of cases is so arranged that up to an Industrial Adviser's level, ordinarily, not more than two decision taking levels are involved in any case.

(e) The upper division clerk attached to each Development Officer's group is not required to note on cases; he only maintains files and puts up relevant papers to officers duly docketed and referenced for disposal. His services may, however, be utilised for collection of factual data and preparation of statements. The stenographer and steno-typist are also to be utilised for duties other than stenographery and typing work.

(f) There is a central pool for attending to items of work which concern the division as a whole, like Parliament Questions etc. The pool is also responsible for diary, despatch and typing work of the division.

(g) The pool works directly under the industrial adviser and consists of the following staff:—

Section Officer	1
Assistant	1
Upper Division Clerk	1
Lower Division Clerk	3

(h) Although the stenographer and clerical personnel allotted to technical officers work under the direction of their respective officers, they are placed under the general supervision of the section officer for matters like attendance, punctuality and grant of casual leave.

72. As only the minimum clerical staff has been provided, it is essential that adequate leave reserve should be maintained so that whenever a clerical hand, including a stenographer or steno-typist, in any directorate proceeds on leave, a substitute can be provided immediately. [Para 5(i)].

73. In order to reduce references to files and consequent dependence on clerical staff, modern cardex system devised in the H.M.E. Dte. should be introduced in all the technical directorates with suitable modifications. (Para 6).

74. For proper implementation of the officer-oriented system it is necessary that the accommodation allotted to the D.G.T.D. should be made as compact as possible and since the D.G.T.D. have to maintain close liaison with several departments it would be preferable if the office of the D.G.T.D. is also located within the secretariat complex. (Para 7).

75. In order to enable the technical officers to discharge their technical functions more effectively and save them from frittering away their energies in work which is clerical in character, while the work connected with assessment of eligibility, priority of allocation and fixation of unit-wise quota of steel should continue to be handled by them as at present, all post-recommendatory work which would be of a clerical nature, such as consolidation of allocations recommended, intimation to the concerned authorities, preparation and issue of quota certificates and the final intimation to the allottees, should be segregated and entrusted to the secretariat staff. This work should be entrusted to a cell, headed by a section officer, and located in the Metallurgical Directorate. The Section Officer who would be in charge of this cell should be authorised to authenticate quota certificates and to issue routine communications over his signature. (Para 8).

76. A cell consisting of one Development Officer, one Assistant Development Officer and one stenographer should be constituted for conducting ex-post-facto scrutiny of cases recommended in Part I of the Report. (Para 9).

77. To relieve the Director General of most of the non-technical administrative work and also to provide assistance for looking after organisational and personnel planning and other administrative factors affecting the functioning and efficiency of the organisation, a Director of the status of Deputy Secretary should be placed in charge of Administration and Co-ordination Directorates. (Para 10).

78. In the Administration and Co-ordination Directorates, wherever an assistant director is supervising the work of a section officer, the post of assistant director should be abolished and the section officers should report direct to the deputy directors concerned. If the work-load justifies, there can be more deputy directors. This recommendation does not, however, apply to the assistant director incharge of Statistical Cell, who is a statistician and has no section officer under him. (Para 11).

79. The existing Co-ordination I & II Sections should be replaced by an Import Cell which should combine the functions of R & I and the CDN. Dte. in as far as import work is concerned. The functions to be performed by this Cell are set out in the Report. (Para 13).

80. As the number of applications for licensing or registration is not unduly large, these applications should continue to be handled in CDN. III Section as at present. Double registration is not unduly large, these applications should continue to these applications should be received by the CDN. Directorate direct from the R & I Section where no diarising should be done. (Para 15).

81. A separate unit under a section officer should be carved out of the existing CDN. III Section exclusively for policy coordination and development. (Para 16).

82. All applications from public sector project for indigenous clearance should be sent by R & I Section direct to the Development Officer nominated for a particular project. In case of projects for which no Development Officers have so far been nominated, steps should be taken to do so, so that no project remains uncovered. (Para 17).

83. The N.M.I. (not manufactured in India) certificates should be issued at the same time when the indigenous clearance is given. The validity of N.M.I. certificate should be concurrent with that of the import licence itself. (Para 18).

84. The work of N.M.I. certificates may be transferred to the Scientific Instruments Directorate which is mainly concerned with this work. For this purpose, a small cell, under a section officer, may be created out of the existing strength of CDN. IV Section and placed under the charge of the Development Officer (Scientific Instruments). (Para 19).

85. Considering the size of the D.G.T.D. and the problems which it has to encounter, both the O&M Unit and the Vigilance Cell need immediate strengthening. A heavy responsibility for implementing the report of the Study Team will also have to be shouldered by the O&M Unit. A self-contained unit under the Director of Administration should be created exclusively for O&M work. The O&M Unit should be staffed by one senior analyst (Rs. 700—1,250), one junior analyst (Rs. 400—900), one research assistant (Rs. 325—575) and one Steno-typist. Vigilance work should be handled by the Director himself, but he should be given a section officer to assist him in this work. Excepting a steno-typist, no other staff need be sanctioned to work with this section officer. (Para 20).

86. In view of the increasing emphasis on welfare of Government personnel, this function should be transferred to the Administration Directorate and another post of deputy director should be created for handling this work. The Deputy Director (Welfare) could also take over some work from the Deputy Director (Admn.) who needs to be relieved of some of his present load. For welfare work, the Deputy Director (Welfare) may

be given one steno-typist and one upper division clerk for keeping his papers and doing other routine and field duties. (Para 20).

87. The present arrangement of having drawing and disbursement of monies assigned to different officers should be done away with. With the abolition of the assistant directors as functionaries, the Deputy Director, (Estt.) may be declared the drawing and disbursing officer. (Para 21).

88. Consequent upon the creation of the post of Director (Administration & Co-ordination) the various powers may be delegated to the different authorities as set out in appendix VI to the report. (Para 21).

89. The existing public relations unit in the D.G.T.D. is acting as nothing more than an enquiry-cum-receipt office. To achieve the objective enunciated by the Estimate Committee the functions of the public relations unit in the D.G.T.D. should be as follows:—

(a) Dissemination of general information on procedural and developmental aspects of industrial licensing and indigenous clearance.

(b) Communication of information regarding pending applications and help in their speedy disposal.

(c) Supply of forms and literature germane to the functions of the D.G.T.D.

(d) Disposal of routine interviews on non-technical matters.

(e) Acting as a window through which the D.G.T.D. and the industry may effectively communicate the problems of each other in a mutually helpful manner.

(f) Initial processing and follow up of complaint and suggestions received.

(g) Bringing cases of inordinate delay to the notice of senior officers.

(h) Arranging receipt of applications and other papers at the counter. (Para 23).

90. The attainment of the above objective is not possible without a thorough overhaul and reinforcement of the existing public relations unit. A senior officer of the level of director or deputy secretary, to be designated as Director of Public Relations, should be appointed to look after public relations of the organisation. He should be easily accessible to the industry on the one hand and directly responsible to the Director General on the other hand. Under this officer there should be a Public Relations Officer of the rank of the section officer who would sit at the counter for giving general information on procedures and supervise the work of receipt of applications and distribution of forms and pamphlets and other literature at the counter. The Public Relations Officer should be assisted by one assistant and two or three clerks. (Para 24).

91. All relevant information including the following, should be displayed at the counter, on the notice board and in the foyer as may be convenient:—

(a) A list of indigenous manufacturers.

(b) A plan of the organisation of the Directorate General indicating the names and room numbers of, and subjects dealt with by, officers of and above the level of A.D.Os.

(c) Last date of submission of applications.

(d) Information about the various industrial requirements of the country, the existing capacity of the units already licensed or registered, the size of the capital outlay that may be required for meeting the additional industrial requirements, the regions in which particular industries would be encouraged, etc.

(e) List of cases of import applications recommended/rejected during the previous week.

(f) Weekly statement of firm-wise allocation of scarce raw materials. (Para 25).

92. In order to keep abreast of the latest policy and changes in procedure, the Director should receive briefing from Industrial Advisers and the Director General as often as possible. Also copies of orders and decisions of the general nature should be supplied to him by all directorates. (Para 26).

93. The position slips should be more informative as indicated in the report. (Para 26).

94. In case of import applications, inquiry slips should be entertained only after the expiry of 15 days from the date of unit-wise allocation of foreign exchange and no interviews should be allowed before the expiry of one month. (Para 26).

95. In case of industrial licensing applications, inquiry slips should be entertained only after 45 days of applying and interviews with technical officers allowed after two months. (Para 26).

96. All interviews with technical officers should be arranged through the Director of Public Relations. The interviews should not be below the level of an Assistant Development Officer and a list of interviews arranged with the technical officers should be maintained. (Para 26).

97. The Public Relations Unit should be authorised to call for files and bring cases of delay to the notice of the industrial advisers. Such files should, however, be called for under the signature of the Director of Public Relations and should be returned to the concerned directorate within 48 hours. (Para 26).

98. The two registers maintained by the PRU for recording general complaints and complaints of corruption should be combined into one register for "complaints and suggestion." (Para 26).

99. All oral and verbal complaints should be received by the Director who should himself dispose of complaints on procedural

matters and delays in conjunction with the O&M Officer and should send complaints regarding corruption to the Director (Administration and Co-ordination). (Para 26).

100. A Publication Unit staffed with adequate editorial staff, should be created under the Director of Public Relations. (Para 27).

101. The Santhanam Committee has recommended the creation of a machinery for verifying the proper fulfilment of the conditions of licences issued by Government. It is not feasible for the D.G.T.D. to carry out this function. It is also not desirable to create a separate inspectorate for this purpose as it would be a source of corruption and harassment to the industry. It would be better if internal working of the organisation and its information gathering system are improved so as to reduce the scope for misutilisation of the licences. (Para 28).

102. The monthly production returns should be linked clearly to a specific provision in the Industries (Development & Regulation) Act in order to give them statutory backing, and that if no suitable provision is available in the existing act then the Government might take steps to include such a provision. (Para 30).

103. To feed the officers of the organisation with up-to-date information on the latest technical developments in the industrial field, a library-cum-documentation centre should be set up. Its functions have been set out in the report. It should be headed by a selected officer of the rank of Industrial Adviser, who should be directly responsible to the Director General himself. When the work of the centre has developed further, it may be necessary to have even a senior Industrial Adviser at the head. He should be assisted by the following staff:—

Industrial adviser (research, documentation, extension and publications)	1
Documentation officers	2
Asstt. Documentation officers	4
Senior librarian-cum-editor (Rs. 400—900) ...	1
Librarian	1
Stenographers	3
Steno-typists	5
Daftri	3
Peons	2

(Para 35 to 37).

104. The chemical laboratory, in the D.G.T.D., is not serving any useful purpose and may be closed down. The testing work, if any required, could be done through the National Laboratories in the country. (Para 38).

105. There is considerable scope for improvement in the filing system, procedure for registration of receipts and issues, and the working of the R & I Section. Three papers prepared by the Department of Administrative Reforms on these subjects have been handed over to the Directorate General. The Director General may have them examined and implemented to the extent feasible. (Para 39).

106. No useful purpose will be served by setting up regional offices of the D.G.T.D. in different parts of the country as such offices, if established, would be able to act merely as post offices because it would not be practicable to reproduce the D.G.T.D at the regional offices. (Para 41).

CHAPTER VII

PERSONNEL ADMINISTRATION

107. The grade of Junior Technical Officer is not necessary and may be abolished. This recommendation does not, however, apply to the Plywood Inspectorate. (Para 5).

108. The existing Junior Technical Officers, when they waste out, should be replaced by either Assistant Development Officers or Upper Division Clerks depending upon the nature of work being handled by them. (Para 5).

109. There should be 100 per cent direct recruitment to the grade of Assistant Development Officers. However, till such time as existing Junior Technical Officers waste out, some promotion avenue may be kept open for them on a gradually reducing basis. (Para 6).

110. Immediately after recruitment, an Assistant Development Officer should be sent out to an industrial undertaking, in private or public sector, for receiving practical training, details of which should be carefully worked out. (Para 7).

111. Direct recruits at the level of Development Officer should be required to possess atleast two years' practical experience in industrial undertakings out of the five years practical experience that is prescribed in the existing minimum qualifications. Even in regard to appointments by promotion or transfer, those who have had practical experience of two years in industrial undertakings should be given preference over those whose experience is limited to office work. (Para 8).

112. In the case of posts of Development Officers to be filled from the open market through the U.P.S.C., there should be willingness to concede higher starting salaries for deserving persons and that procedures to permit starting salaries upto Rs. 1,300/- p.m. may be made simple and quick. (Para 9).

113. There should be a selection grade for Development Officer in the scale of Rs. 1,600—100—1,800. The number of posts in this grade would have to be arrived at after taking account the factors usually reckoned i.e. promotion chances, possibilities of officers getting blocked at the top of the normal scale and so on. (Para 9).

114. There should be a purposeful programme for sending selected Development Officers abroad for training whenever suitable opportunities arise. (Para 11).

115. The scale of pay of Industrial Advisers should be enlarged from Rs. 1,800—2,000 to Rs. 1,800—2,250 and the separate grade of Senior Industrial Advisers might be abolished. (Para 12),

116. To enable implementation of the recommendation that Assistant Development Officer should be sent to industrial undertakings for two years to receive practical training and that Development Officer should be sent abroad for training, and also to enable the organisation to make available the services of suitable officers to State Governments for which there is a persistent demand, suitable deputation and training reserve should be created in the technical cadres of the D.G.T.D. (Para 13).

117. Early steps should be taken to make temporary posts permanent where justification exists, and to confirm officers against the permanent posts. (Para 14).

118. To enable technical officers to develop a broad outlook and to diversify their experience, it would be a good policy if they are periodically rotated between various directorates to the extent practicable. For this purpose, directorates might be grouped depending on the similarity or inter-connected nature of work on which they are engaged and officers inter-changed within each such group. (Para 15).

CHAPTER VIII

DEVELOPMENT COUNCILS

119. In view of the consideration that the development councils/panels provide the only forum where development and production problems of an industry can be discussed with the different interest groups, it is recommended that development councils/panels should be established in all major sectors of industry except where development has already reached the stage beyond which it can hardly derive any benefit from such a body. (Para 4).

120. It would be desirable to have more compact development councils comprising of those who have considerable experience in the field and can make useful contribution to the discussions on complex issues of technology and efficiency in production. The opportunity of re-constituting the development councils every two years should be availed of to induct fresh blood and shed indifferent elements. (Para 5).

121. While Development Officers should continue to function as secretaries of development councils/panels, the Industrial Advisers should be made members of such bodies so that they are closely connected with the working of such bodies and also provide superior and more responsible guidance. In the case of some very important industries, Industrial Advisers might even be appointed as secretaries. (Para 6).

122. Development councils/panels should hold atleast one meeting in six months, with the following included as standing items in the agenda—

(a) implementation of the recommendations made in the previous meetings;

(b) import substitution;

(c) export promotion and

(d) productivity problems. (Para 8).

123. The Industrial Adviser concerned should ensure that action to prepare agenda and agenda notes is initiated at least one month in advance of the issue of notice of meeting and that suggestions received from different quarters are duly and adequately reflected in the agenda. The agenda should bring out specific operational issues on which clear decisions can be taken. The Industrial Advisers should also decide if any particular individual has to be invited specially for any item. The representative of the C.S.I.R., heads of the research laboratories and representative of the National Research Development Corporation should be invited to meetings where their presence would be of assistance besides their being asked to suggest items concerning import substitution and industrial research problems for inclusion in the agenda. (Para 9).

124. The Industrial Advisers concerned should ensure that the minutes of the meetings are issued within 15 days and circulated to all concerned. (Para 10).

125. There should be a mechanism for immediate communication of the discussions held and recommendations made at the meeting of the council/panel to the agencies concerned. A register of decisions, recommendations, problems raised and other suggestions received should be maintained. This register should be put up before the Deputy Director General concerned once in a quarter. (Para 11).

126. Matters on which decisions have to be taken by other Ministries, etc., should be referred to them. The D.G.T.D. should bring all items which remain outstanding for more than six months to the notice of the Ministry of Industry and the responsibility to follow up these items should devolve on that Ministry. The Ministry of Industry should arrange to have such matters discussed at meetings at which all interests should be represented so that speedy decisions can be taken. (Para 11).

127. Development councils should help to bridge the present gap between scientific research in laboratories and the commercial exploitation of laboratory results on the shop floor. Whereas the C.S.I.R. and scientific laboratories should approach development councils/panels with their research potentialities and at meetings identify areas in the field of process know-how or product know-how which require to be developed, the industry on its part should utilise councils/panels in programming the extension of laboratory research results to pilot plant and project development stages. Development councils/panels could also explore the scope for starting cooperative research programme where possible so that duplication of effort is avoided. The provision in the Industries (Development and Regulation) Act for levying a cess for financing such activities through development council needs to be utilised. (Para 12).

CHAPTER IX

FORMS AND RETURNS

128. Recommendations regarding common forms applicable to work in all directorates are set out in appendix X. (Para 4).

129. Recommendations regarding forms special to a particular directorate are set out in appendix XI. (Para 4).

130. Recommendations regarding forms and returns which the D.G.T.D. submit to other ministries are set out in appendix XII. (Para 5).

131. Arrangements should be introduced in the organisation for reviewing all forms and returns once in a year, somewhat on the lines of the exercise carried out by the Study Team, so that returns which have ceased to be essential can be eliminated, or where possible their periodicity can be reduced. (Para 7).

132. No new returns should be introduced or an existing one revised by any directorate without first obtaining the approval of the Deputy Director General concerned. (Para 7).

133. The D.G.T.D. are sometimes called upon to furnish information to ministries and other authorities on various aspects of industrialisation not always directly concerning the work or responsibility of this organisation. There is a tendency on the part of ministry to make use of the D.G.T.D. to collect statistics on their behalf. The D.G.T.D. should be careful about accepting such assignments as are not directly connected with their responsibilities and should not hesitate to decline to take on tasks not satisfying this condition. (Para 8).

New Delhi,

Dated: 21*st March*, 1966.

H. C. MATHUR

N. K. MUKARJI
P. SABANAYAGAM
R. K. RAISINGHANI
S. P. MUKERJI

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सत्यमेव जयते

APPENDICES

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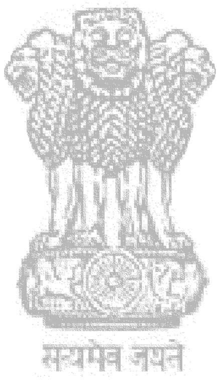
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APPENDIX III

STATEMENT SHOWING THE MEMBERSHIP AND FUNCTIONS OF THE LICENSING COMMITTEE AND REJECTION COMMITTEE

(1) *Licensing Committee*

(A) *Functions*—To scrutinise and make recommendations for Industrial Licence under the Industries (D&R) Act. In making these recommendations the Committee shall have regard to approved plans, existing capacity, demand & supply position, availability of raw materials, plant, machinery etc. The Committee has also to comment upon other aspects like foreign exchange requirements, location, requirement of power/transport, etc.

(B) *Composition*—

(1) Secretary Ministry of Industry & Supply—Chairman.
(2) Representative of Ministry of Supply & Tech. Development.
(3) Representative of Ministry of Finance (Deptt. of Econ. Affairs).
(4) Representative of Deptt. of Company Law.
(5) Representative of Ministry of Labour & Employment.
(6) Representative of Ministry of Petroleum & Chemicals.
(7) Representative of Ministry of Railways.
(8) Representative of Deptt. of Mines & Metals.
(9) Representative of Deptt. of Iron & Steel.
(10) Representative of Ministry of Defence (Def. Prod).
(11) Representative of Department of Atomic Energy.
(12) Representative of Ministry of Irrigation & Power (C.W.P.C.).
(13) Representative of Council of Scientific & Industrial Research (C.S.I.R.)
(14) Representative of State Governments.
(15) Representative of Planning Commission.

(C) *Frequency of Meeting*—Once in three months.

(2) *Sub-Committee of Licensing Committee*

(A) *Functions*—Same as of the Licensing Committee.

(B) *Composition*—Same as the Licensing Committee except the representatives of the State Governments.

(C) *Frequency of meeting*—Once a fortnight.

(3) *Rejection Committee*

(A) *Functions*—

(i) To consider all applications for industrial licences which are recommended for rejection.

(ii) To consider all applications from small scale units whose fixed assets have crossed the limit of Rs. 5 lakhs seeking registration with the D.G.T.D. This is an adhoc Committee set up under the delegation made by the Licensing Committee.

(B) *Composition*—

(1) Joint Secretary in charge of Licensing Policy in the Ministry of Industry & Supply—Chairman.
(2) Deputy Secretaries in charge of industries sections in the Ministry of Industry & Supply and other concerned Ministries.
(3) Representative of the D.G.T.D.
(4) Representative of the Min. of Fin. (E.A.).

Concerned Industrial Advisers and Development Officers of the D.G.T.D. also attend the meetings.

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APPENDIX III

REPORT OF CASE STUDIES ON HANDLING OF APPLICATIONS FOR INDUSTRIAL LICENSING IN D.G.T.D.

A random sample of 152 cases of Industrial Licensing was taken for conducting case studies. Care was taken to select representatives files from all the Directorates concerned with Industrial Licensing. Since the procedure for processing of Industrial Licensing cases has recently been changed consequent on the recommendations of the Swaminathan Committee, the choice of cases had necessarily to be restricted to applications received after June, 1964. However, as only a limited number of applications were received during the period July to November 1964, a few cases pertaining to the earlier period were taken to make up the total of 152 cases. The break-up of the cases selected for case studies is as follows:—

Directorate-wise

Engineering Directorates	77
Chemical Directorates	75
	152

Industry-wise

Key-Industries	65
Non key-industries	87
	152

According to nature of Licenses

For setting up new undertakings	80
For manufacture of new items	16
For further expansion	55
For carrying on business (COB)	1
	152

Further details are appended.

Incoming & outgoing points

2. Although all applications are required to be submitted to the Department of Industry, 8 out of 152 applications were addressed to the D.G.T.D. direct by the parties concerned. Only 3 of these applications were sent to the Department of Industry, for giving serial No. In the remaining 5 cases the applications were accepted by the D.G.T.D. and comments sent to the Department of Industry without having the applications first serialised by the Department of Industry.

3. Again, the instructions provide that all cases of Industrial Licensing should be routed through C.D. Directorate. In actual practice, however, a number of cases are being sent direct to the Technical Directorates. Of 144 cases received from the Department of Industry, 121 were routed through C.D. Directorate while the remaining 23 were sent direct to the Technical Directorates. Instructions also provide that final comments should be sent to the Department of Industry through the C.D. Directorate. But these instructions were followed only in one case; in the remaining 151 cases comments were sent by the Technical Directorate direct to the Department of Industry and only copies were endorsed to C.D. Directorate.

Time taken in disposal of applications

4. According to existing instructions the Sponsoring Directorates should ensure that comments on Industrial Licensing applications are sent to the Department of Industry within 21 days of the receipt of applications in D.G.T.D. Case studies indicate that it has not been possible to adhere to this time

schedule in majority of cases. Only in 38 i.e. 25% cases was it possible to send the comments within 3 weeks; in other cases it took much longer as will be seen from the table below:—

	No. of cases	Percentage
Within 3 weeks	38	25
Between 3 to 4 weeks	22	14·5
Between 4 to 5 weeks	23	15
Between 5 to 6 weeks	11	7
Between 6 to 7 weeks	13	9
Between 7 to 8 weeks	11	7
Beyond 8 weeks	34	22·5

5. On an average it took 41 days for the D.G.T.D. to furnish its final comments to the Department of Industry. Case studies fall under two categories, namely:

(i) those which are straight forward cases and do not require consultation with other Directorates or back-references to the parties concerned, and

(ii) those where the views of other Dtes. have to be obtained and further information has to be called for from the applicants.

The number of cases falling in the first category was 105 and those falling in the second category 47. Average time taken for disposing of these types of cases comes to 33 days and 61 days respectively.

6. Categorising the cases according to the importance of industry, the average time taken works out to 37.4 days for key industries and 44.6 days for non-key industries. Average time taken by the Chemicals Directorates was 47.2 days and that by Engineering Dtes. 36.2 days.

7. Calculated on the basis of actual number of cases involved, the average time taken at the various stages

By Coordn. Dte.	5·4 days	(on the basis of 127 cases which were actually routed through them)
By parties in giving information	18·5 days	(on the basis of 33 cases in which information was called for)
By the Sponsoring Dtes.	30·9 days	(on the basis of the entire lot of 152 cases)
By other Dtes.	18·7 days	(on the basis of 16 cases which were referred to them).

Time taken by Co-ordination Dte.

8. The fore-going analysis indicates that the Coordination Directorate takes 5.4 days on an average in passing on the application to the Technical Directorates. The only action required to be taken by C.D. section is to register the application in a separate register and for discharging this function the time taken by them appears to be rather disproportionate.

Time taken in getting further information from the parties

9. In 119 cases the applications were found to be in order and no information was called for from the applicants. In the remaining 33 cases, the applications were found deficient in certain respects and the applicants were required to give information on the following points:—

(*i*) Details of proposed manufacturing programme	5 cases
(*ii*) Details of requirements of raw materials and capital equipment	10 ,,
(*iii*) Extent of fixed assets and capital structure	2 ,,
(*iv*) No. of shifts worked	2 ,,
(*v*) Source of foreign exchange	6 ,,
(*vi*) Literature on specifications of items of manufacture applied for	2 ,,
(*vii*) Other details	10 ,,

10. In most cases, these references had to be made because the applicants had not taken due care to give full information against the columns already provided in the applications. However, there were six cases in which applicants were required to indicate whether they could themselves arrange foreign exchange through foreign collaborator. The information required was of the type which was not strictly covered by the existing columns in the application form.

11. In all the 33 cases consolidated references were made to the parties and there was no protracted correspondence. In 3 cases, however, further correspondence ensued but this arose out of the incomplete information supplied by the parties. There was no case of calling piece-meal information on the part of the D.G.T.D. Generally parties were given a time limit of 10 days to furnish the information but actually they took much longer to reply. The average time taken by them was 18.5 days; only in 10 cases, the replies were received within the stipulated period of 10 days.

Time taken by the Sponsoring Dtes.

12. It will be seen from para 8 above that the average time taken by the Sponsoring Directorates for processing the applications comes to 30.9 days. This is made up as shown below:—

	Actual average		Notional average	
By the dealing hands (upto JTO's level)	10·5 days	(on the basis of 138 cases)	9·5 days	(on the basis of 152 cases)
By the A.D.O.	4·8 ,,	(on the basis of 103 cases)	3·2 ,,	,, ,,
By the D.O.	10·5 ,,	(on the basis of 152 cases)	10·5 ,,	,, ,,
By the I.A.	3·2 ,,	(on the basis of 107 cases)	2·2 ,,	,, ,,
By other higher Officers . . .	3·1 ,,	(on the basis of 20 cases)	0·4 ,,	,, ,,
For diary, typing and despatch .	4·9 ,,	(on the basis of 152 cases)	4·9 ,,	,, ,,

13. Case studies made have shown that the following factors are responsible for delay in the Sponsoring Directorates:—

(i) Long time is taken in initial scrutiny of the cases. On an average it takes 7 days before the first note on the file is put up. In cases where further information is obtained from applicants, the average time taken in making this reference is 12 days.

(ii) Files are put up to the Development Officers several times, once at the time of the initial scrutiny, then for the approval of the action proposed to be taken and lastly for signing fair comments. In a number of cases there are other inter-mediary stages also.

(iii) Cases, pass through a number of levels. Out of 152 cases studied, only 23 were disposed of at the first level of submission while 59 passed through 2 levels, another 59 through 3 levels, 4 through 10 levels and 1 through all the 5 levels.

(iv) In some Directorates, one Development Officer submits cases to another Development Officer. This horizontal movement of cases increases the disposal time.

Time taken by other Dtes.

14. In 16 out of 152 i.e. 10 percent cases, other Dtes. were consulted. Excepting in one case, where there was a back reference, the Sponsoring Dtes. were satisfied with the comments offered by the other Directorates in all the other cases. The average time taken by other Dtes. in giving their comments comes to 18.7 days per case. The type of scrutiny involved on the part of other Dtes. is more or less the same as required of the Sponsoring Dte. The time taken by the Sponsoring Dtes. is, however, more because of longer time required for initial scrutiny and also for diary, typing and despatch etc.

15. In 14 cases comments on the application were finalised by the Sponsoring Dte. after taking into account the views of the other Dtes. concerned. In 2 cases, however, it was noticed that he Sponsoring Dte. after recommending their views passed on the files to the other Dtes. concerned for further processing. The other Dtes. in turn passed on the files to C.D. Directorate after adding their own comments. The C.D. Directorate did not accept the responsibility for consolidating the view of the Directorates and returned the files to the Sponsoring Dtes. concerned for giving final recommendations.

Final recommendations.

16. Of the case studies 54.6% (83 cases) were recommended while 45.4% (69 cases) were not recommended. Further breakup of these cases is as follows:—

	Cases Recommended		
Decision taking level	Key	Non-key	Total
D.O.	3	15	18
I.A.	20	31	51
D.D.G.	4	10	14
	27	56	83
	Cases not recommended		
D.O.	16	10	26
I.A.	21	19	40
D.D.G.	..	3	3
	37	32	69

17. According to the instructions issued by the Coordination Dte. all cases of Industrial Licensing should be disposed of by Officers of not below the rank of Industrial Advisers. From the figures given above, it would be seen that these instructions were not followed in all cases. Out of 152 cases, only 70% cases were decided at the level of Industrial Adviser or above. The remaining 30% cases were disposed of at Development Officer's level.

18. The number of cases recommended for rejection was quite large. An analysis of these cases has shown that the applications were not supported because of one or more of the following reasons:—

(*i*)	Demand for the items applied was not established	17 cases
(*ii*)	The items were on the "banned list"	15 ,,
(*iii*)	Raw materials required for the manufacture of the items were in short supply	12 ,,
(*iv*)	The units applying for expansion had not achieved full capacity	11 ,,
(*v*)	The scheme was not technically feasible	11 ,,
(*vi*)	Wanting information was not forthcoming	6 ,,
(*vii*)	The scheme did not satisfy regional consideration	6 ,,
(*viii*)	Non-availability of electricity	3 ,,
(*ix*)	Doubtful marketing feasibility	1 ,,

Foreign collaboration.

19. In 56 percent (85 cases) foreign collaboration was involved. Of these, only 33 cases were examined from the foreign collaboration angle, one at D.D.G's level, 10 at I.A's level and 22 at D.O's level. No comments were offered on the remaining 85 cases, perhaps because the collaboration agreements were under negotiation at the time of submitting the applications. Only 3 cases were rejected on the ground of unfavourable foreign collaboration.

Final disposal of applications.

20. After D.G.T.D. has given his comments on an application, further action is taken by the Deptt. of Industry in consultation with the Licensing

Committee, unless some further information is needed and the case is referred back to the D.G.T.D. There were very few cases of such back referencing. Out of 152 cases, only 11 cases (7.2%) were returned to the D.G.T.D. for further examination after an average interval of 65 days.

Statement showing the break-up of 152 cases of Industrial Licensing

Name of the Directorate	Type of Industry			Nature of license applied for				
	Key	Non-key	Total	New under-taking	Mfr. of new items	Sufficient expansion	Carry-on business (C.O.B.)	Total
A. *Chemical Directorate*								
1. Acids & Fertilizers	6	2	8	5	..	3	..	8
2. Alkalis & Allied Industries	8	1	9	5	..	4	..	9
3. Ceramics, Cement & Glass	..	9	9	7	..	2	..	9
4. Timber & Cellulose	..	5	5	3	..	2	..	5
5. Paper & Pulp	6	1	7	5	..	2	..	7
6. Leather & Rubber	..	4	4	2	..	2	..	4
7. Oil and Food	..	8	8	7	..	..	1	8
8. Org. Chemicals & P.C.	3	5	8	7	..	1	..	8
9. I.P. & P. Chemicals	..	8	8	1	..	7	..	8
10. Dyestuffs & Explosives	..	3	3	1	..	2	..	3
11. Drugs & Pharmaceuticals	..	6	6	..	..	6	..	6
	23	52	75	43	..	31	1	75
B. *Engineering Directorate*								
12. I.C.E. A.C. & Pumps	2	..	2	1	..	1	..	2
13. Auto & Ancilliary Industries	6	1	7	2	..	5	..	7
14. Tractors & Mobile Eqpt.	2	1	3	2	..	1	..	3
15. Heavy & Light Electricals	..	8	8	2	3	3	..	8
16. Heavy Mech. Engg.	6	2	8	6	..	2	..	8
17. Light Mech. Engg.	..	8	8	5	..	3	..	8
18. Scientific Instruments	..	2	2	..	1	1	..	2
19. Medical Instruments	..	1	1	..	1	..	..	1
20. Industrial Machinery	7	4	11	6	5	..	..	11
21. Metallurgical Industries	13	1	14	8	3	3	..	14
22. R.M. & N.F.	..	6	6	2	..	4	..	6
23. Tools	6	1	7	3	3	1	..	7
	42	35	77	37	16	24	..	77
Total of Chemical & Engg. Dtes.	65	87	152	80	16	55	1	152

APPENDIX IV

CASE STUDIES REPORT ON HANDLING OF INDUSTRIAL LICENSING APPLICATIONS IN THE ADMINISTRATIVE MINISTRIES AND THE LICENSING SECTIONS OF THE MINISTRY OF INDUSTRY

As part of the DGTD's study, 152 cases of industrial licensing have been examined. The applications studied in the D.G.T.D. have been further studied by following them up in the Ministry of Industry where they were originally received and then in the Administrative Ministries concerned where the applications were further processed in the light of the comments furnished by the D.G.T.D. and others and from where final orders were issued after consulting the Licensing Sub-Committee or the Rejection Committee depending on the nature of the case. Out of 152 cases, it was possible to study only 148 cases in this manner. The relevant papers concerning the remaining 4 cases, were not readily available. The present report is based on the study of these 148 cases conducted in the Departments of Industry, Heavy Engineering, Mines and Metals and the Ministry of Petroleum & Chemicals. A statement showing the break-up of these cases is attached (Annexure I).

Procedure

2. Rule 15 of the Registration and Licensing of Industrial Undertakings, Rules 1952, lays down a period of 3 months within which decisions should be taken on applications for industrial licences. For various reasons, this provision, has in practice, remained in-operative. In 1963, the Industries Development Procedure (I.D.P.) Committee which was appointed to examine the procedures for Industrial Licensing made a case study of a few applications for industrial licences and came to the conclusion that a majority of applications took more than 5 to 6 months to be disposed of. The delay, in Committee's view, was partly due to the long time taken in the movement of files from one authority to another and partly due to delays inherent in the system involving consultation with multitudinous authorities. In their interim report published in January 1964, the Committee made certain recommendations for streamlining the industrial licensing procedure and cutting out delays. The recommendations were accepted by Government and the procedure for industrial licensing was revised with effect from 11-2-64.

Scope of Study

3. In view of the change in procedure, separate studies have been made of the applications received before and after 11-2-64. Out of 148 applications studied, 27 pertained to the period prior to 11-2-64. Barring one, all other applications were disposed of. Of the remaining 121 applications received after 11-2-64 only 81 were disposed of. 40 applications are still pending. Most of the conclusions have, therefore, been drawn on the basis of the study of 81 applications disposed of in accordance with the revised procedure. The study covered the period upto 31-3-65. It is likely that some more cases have been disposed of since then.

Disposal Time

4. As already stated, the Registration and Licensing of Industrial Undertakings Rules 1952, provide a period of 3 months within which the decision should be taken on applications for industrial licences. The case study made by the I.D.P. Committee however revealed that the actual time taken ranged from 61 to 396 days, and that in 75% cases the period involved was more than 150 days. The present study confirms the result of the case study made by IDP Committee. The averages worked out for the disposal of applications are given in Annexure II. The average disposal time for cases pertaining to the period prior to 11-2-64 comes to 165.5 days. This average has however been calculated on the basis of 26 applications disposed of. If one pending case is also taken into account and the average is struck for the entire lot of 27 cases, the average disposal time would work out to 178.5 days.

5. The main purpose of IDP Committee in suggesting a revised procedure was to bring down the disposal time to six weeks. It was the expectation of the Committee that under the new procedure it should be possible for the Ministry of Industry and the Administrative Ministry to process the application and put it up before the Licensing Committee within 5 weeks of its receipt in the Ministry of Industry. Out of these 5 weeks 3 weeks, were to be taken by the Technical Adviser in giving comments, one week by the Administrative Ministry in preparing the summary for the Licensing Committee and one week by the Ministry of Industry in performing the centralised functions of receiving and diarising of the application, ·acknowledging it, forwarding it to the Administrative Ministry, inviting comments of the Technical Advisers, State Governments and others concerned and finally putting it up to the Licensing Committee for decision. Although no time limit was prescribed for finalising the minutes of the meeting of Licensing Committee and communicating the decision to the applicant, it appears from the report that the Committee expected these formalities to be completed within one week of the decision of the L. C. Thus, the entire processing of application upto the stage of issuing L.O.I. was to be completed in six weeks. The present study has revealed that this expectation of the Committee has not materialised. Calculated on the basis of 81 cases dealt with and disposed of in accordance with the revised procedure, the average disposal time works out to 145.5 days for applications disposed of in consultation with the Licensing Sub-Committee and 98.0 days for applications disposed of without consultation with the Licensing Sub-Committee, the overall average being 131.5 days. These cases however constitute only 66% of the cases selected for study. The remaining 33% cases (41 cases) falling in this category are still pending. If these cases are also taken into account and the average is struck on the basis of the entire lot of 121 cases the "assessed" average disposal time would be of the order of 180 days which is obviously more representative than the average of 131.5 days. Viewed in this context, it would appear that the revised procedure has not been very effective in cutting out delays. Despite the provisions for speedy disposal of applications, specially those relating to key-industries, the disposal of an industrial licence application even now takes as much as 5 to 6 months. The time limits prescribed by Government on the basis of I.D.P. Committee's recommendations have been exceeded in almost all cases. As against 5 weeks laid down for putting up cases to the Licensing Sub-Committee/Rejection Committee, the actual time taken in 58 such cases studied, was as follows:—

	No. of cases	Percentage
Put up within 5 weeks	1	1·5
Put up between 5 to 6 weeks	4	7·0
Put up between 6 to 8 weeks	6	10·5
Put up between 2 to 3 months	23	39·5
Put up between 3 to 4 months	13	22·5
Put up between 4 to 5 months	6	10·5
Put up between 5 to 6 months	3	5·0
Put up in more than 6 months	2	3·5

Similiarly against the limit of six weeks within which final decisions were expected to be taken, the actual time taken was as follows:—

	No. of cases	Percentage
Disposed of within 6 weeks	..	..
Disposed of between 6 to 8 weeks	2	3·5
Disposed of between 2 to 3 months	1	1·5
Disposed of between 3 to 4 months	11	19·0
Disposed of between 4 to 5 months	17	29·5
Disposed of between 5 to 6 months	19	32·5
Disposed of in more than 6 months	8	14·0

Causes of delay

6. Various factors are responsible for the long time taken in the disposal of industrial licence applications. The average disposal time of 145.5 days for appli-

cations decided in consultation with the Licensing Sub-Committee is made up as follows:—

I. *In the Ministry of Industry*		
(*i*) Receipt in R & I Section and transmission to CLP Section	1·0 days	6·0 days
(*ii*) Routine scrutiny in CLP Section	5·0 days	
II. *In the Administrative Ministry*		
(*i*) Awaiting comments of the D.G.T.D.	45·0 days	84·5 days
(*ii*) Examination by office of the comments received and putting up the case to officers	20·5 days	
(*iii*) Further processing of the case, including back-referencing to the DGTD, the applicant etc.	10·0 days	
(*iv*) Typing of the summary for the Licensing Committee and its despatch to the L.C. (Licensing Committee) Section of the Ministry of Industry	9·0 days	
III. *In the Ministry of Industry*		
(*i*) Putting up of the case to the Licensing Sub-Committee/Rejection Committee	16·5 days	38·5 days
(*ii*) Drafting of the minutes	1·5 days	
(*iii*) Approval of the minutes	8·0 days	
(*iv*) Issue of the minutes	5·0 days	
(*v*) Transmission of the minutes to the Administrative Ministry concerned	7·5 days	
IV. *In the Administrative Ministry*		
(*i*) Drafting and approval of orders to be communicated to the applicant	9·5 days	16·5 days
(*ii*) Typing of the licence and the forwarding letter, getting the licence signed by the authorised officer of the Ministry of Industry and its issue to the applicant	7·0 days	
	Total	145·5 days

Receipt of application

7. The receipt of application in R & I Section and its transmission to the CLP Section does not take more than 24 hours on an average. There is no undue delay at this stage.

Routine scrutiny in the CLP Section

8. As against 24 hours within which the CLP Section is required to acknowledge receipt of the application, endorse copies thereof to DGTD, State Governments and others for comments, and transmit one copy of the application to the Administrative Ministry for further action, the actual time taken averages to 5.0 days. Case studies have shown that if the application is complete in all respects, the CLP Section does not normally take more than a day in completing the above mentioned formalities. Such cases however, constitute only 68% of the cases received. The remaining 32% are deficient in one respect or the other and the CLP Section has to enter into correspondence with the applicant. The time taken in such cases works out to 14.2 days per case. The deficiencies noticed are non-receipt of requisite number of copies of application, not crediting the fees to the correct head of account or non-receipt of the treasury challan.

Technical scrutiny of the application

9. The Administrative Ministry receives the technical comments of the D.G.T.D. in 45 days, out of which 41 days are taken by the D.G.T.D. and 4 days are spent in transit.

Examination of technical comments and preparation of summary for the Licensing Committee

10. The total time-lag of 39.5 days is involved at this stage. Consolidation of comments received from D.G.T.D. and others and preparation of summary for the Licensing Committee alone takes 20.5 days. Approval of the draft summary by officers, including back references, if any, to the D.G.T.D. or the applicant accounts for another 10 days. Typing the summary and its despatch to the L.C. (Licensing Commitee) Section of the Ministry of Industry is yet another long drawn out process involving as many as 9 days. A detailed analysis of the time taken in various operations at this stage is at Annexure III.

Obtaining the approval of the Licensing Sub-Committee/Rejection Committee

11. The Licensing Committee Section of the Ministry of Industry which acts as the secretariat of the Licensing Sub-Committee/Rejection Committee puts up the cases to these Committees immediately after the summaries are received from the Administrative Ministries. The delay, if any, occurring at this stage represents the time-lag in holding meetings of the two Committees. The Licensing Sub-Committee are required to meet once in a fortnight. During February 1964 to January 1965 the Committee held 26 meetings with an average interval of 14 days, the maximum interval being 26 days. The Rejection Committee do not, however, meet so frequently. Although they are expected to meet once a month, the actual frequency of their meetings during the year under review was once in 6 weeks, the maximum interval being 72 days.

Issue of Minutes

12. The drafting of the minutes takes 1.5 days while their approval involves a time-lag of 8 days. **Another 5 days are required for** typing and 7.5 days for **despatch.**

According to the procedure obtaining in the Ministry, of Industry, the minutes of both the Licensing Sub-Committee and the Rejection Committee have to be approved by the Minister. The case has, therefore, to pass through several officers.

Issue of Licences/L.O.Is/Rejection Memoranda

13. The time taken is 16.5 days. The action required at this stage consists in taking out extracts from the minutes, putting them up on the relevant file with draft licence etc., getting the approval of the concerned officers and finally issuing orders after obtaining the signature of the authorised officer of the Ministry of Industry in cases where licences or rejection Memoranda are to be issued.

14. From the above analysis, it will be observed that a good portion of disposal time is devoted to routine operations. On a rough calculation it has been found that hardly 33% of the disposal time constitutes the actual processing time, the rest being spent on routine functions such as registration, diarising, preliminary scrutiny, typing, despatch etc., or in awaiting certain developments (idle time).

Representation

15. In 20% cases representations were received against Government's decisions rejecting the applications. These representations were considered by the Administrative Ministries in consultation with the Technical Advisers and later put up to the Licensing Sub-Committee. While 75% of these representations were rejected and earlier decisions confirmed, in 25% cases the contention of the applicants was accepted and the original orders rescinded.

Disposal of applications for various clearances received after the issue of letter of intent

16. Out of 42 cases in which favourable decisions were taken, licences were issued only in 6 cases; in other cases Letters of Intent were issued. The Letters of Intent were valid for periods ranging from 4 to 12 months during which the applicants were required either to fulfil certain conditions or to apply for clearances in regard to foreigns collaboration terms, import of capital goods and issue of capital. Only in 3 out of 36 cases, licences have so far been issued. The other 33 cases are still pending. All the 3 cases in which licences have been issued related to non-key industries. In 2 of these cases, only certain conditions were required to be fulfilled by the applicant which they did within the prescribed period and got necessary licences after a lapse of 5 days in one case and 29 days in the other case. The third case was decided on the analogy of the action taken on another application from the same applicant, after an interval of 130 days. In none of the 3 cases was the matter referred to the Licensing Sub-Committee. Since the new procedure has been introduced with effect from 11-2-1964 only, there is not yet enough material available for undertaking case study of the procedure followed after the issue of Letter of Intent.

ANNEXURE I

Statement showing the break-up of 148 *applications studied*

No. of application accepted .	51
No. of application rejected .	56
No. of application under consideration	41
Total	148

Name of the Administrative Ministry concerned	Applications received before 11-2-64				Applications received after 11-2-64				Total of cols.5&9
	Accepted and Licence/ LOI issued	Rejected	Under consideration	Total	Accepted and Licence/ LOI issued	Rejected	Under consideration	Total	
1	2	3	4	5	6	7	8	9	10
Deptts. of Industry and Heavy Engineering . .	8	16	..	24	32	22	31	85	109
Deptt. of Mines & Metals . .	..	..	..	..	2	5	3	10	10
Ministry of Petroleum & Chemicals	1	1	1	3	8	12	6	26	29
Total .	9	17	1	27	42	39	40	121	148

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ANNEXURE II

Statement showing the disposal time of applications for Industrial Licences

A. *Applications Received before 11-2-1964*

No. of applications disposed of—

in consultation with L.C.	12
without consultation with L.C. . .	14
Total .	26

Stage	Name of Ministry/ Deptt. concerned	Name of the section concerned	Average disposal time of	
			Applications disposed of in consultation with L.C.	Applications disposed of without consultation with L.C.
			(in days)	
I. Receipt of application in R & I Section and transmission to Industry Sections.	Administrative Ministry	R & I	8·0	8·0
II. Routine scrutiny of the application—sending of acknowledgement to applicant and forwarding copies to other authorities for comments.	Do.	Industry Sections	18·5	18·5
III. Preparation of summary and sending on to the Licensing Committee Sn. for being placed before the Licensing Sub-Committee	Do.	Do.	120·0	..
OR				
Taking a final decision in the light of the comments received from Technical Advisers etc. and communicating the same to applicant (in cases in which the applications are not required to be placed before the Licensing Sub-Committee).	Do.	Do.	..	95·5
IV. Obtaining approval of the Licensing Sub-Committee.	Deptt. of Industry	L.C. Section	25·0	..
V. Recording of minutes of the meetings of the Licensing Sub-Committee and informing the Admn. Minys. of the decision.	Do.	Do.	20·5	..
VI. Communicating Govt.'s decision to applicant.	Administrative Minys.	Ind. Sn.	23·5	..
			215·5	122·0
Average disposal time for both the categories of applications (26 applns.) ..			165·5	

ANNEXURE II—*contd.* ...

Statement showing the disposal time of applications for Industrial Licences

B. *Applications Received after 11-2-1954*

No. of applictions disposed—

in consultation with L.C. . .	58
without consultation with L.C. . .	23
Total .	81

Stage	Name of the Ministry/ Deptt. concerned	Name of the Section concerned	Average disposal time of	
			Applications disposed of in consultation with L.C.	Applications disposed of without consultation with L.C.
				(in days)
I. Receipt of application in R & I Section and transmission to C.L.P. Sn.	Deptt. of Industry	R & I	1·0	1·0
II. Routine Scrutiny of the application—sending of acknowledgement to the applicant and forwarding copies to administrative Ministries and other authorities for comments	Do.	C.L.P.	5·0	5·0
III. Preparation of summary and sending on to the Licensing Committee Sec. for being placed before the Licensing Sub-Committee.	Administrative Minys.	Ind. Sns.	84·5	..
OR				
Taking a final decision in the light of the comments received from Technical Advisers etc. and communicating the same to the applicant (in cases in which applications are not required to be placed before the Licensing Sub-Committee)	Do.	Do.	..	92·0
IV. Obtaining approval of the Licensing Sub-Committee.	Deptt. of Industry.	L.C. Sn.	16·5	..
V. Recording of minutes of the meetings of the Licensing Sub-Committee, and informing the Admn. Minys. of the Sub-Committee's decision.	Do.	Do.	22·0	..
VI. Communicating Govt.'s decision to the applicant.	Admn. Minys.	Ind. Sns.	16·5	..
			145·5	98·0
Average disposal time for both the categories of applications (81 applns.) . .	..	..	131·5	

ANNEXURE III

Analysis of the time taken by the Administrative Ministry in the scruting of the applications and the preparation of summaries/notes for the Licensing Sub-Committee/Rejection Committee.

(See para 12)

(*i*) Submission of cases to officers after preliminary scrutiny	20·5 days
(*ii*) Approval by officers .	10·0 days
(*iii*) Typing and despatch .	9·0 days
	39·5 days

	Preliminary examination by office and putting up a draft summary	Approval by officers	Typing and despatch
Percentage of cases in which action was completed			
(*i*) on the same day	2·5	5·0	8·5
(*ii*) between 1 and 3 days	18·5	5·0	15·0
(*iii*) between 4 and 7 days	18·5	8·5	24·5
(*iv*) between 1 and 2 weeks	31·0	31·0	41·0
(*v*) between 2 and 3 weeks	10·0	27·0	8·5
(*vi*) between 3 and 4 weeks	5·0	5·0	..
(*vii*) in more than 4 weeks	14·5	18·5	2·5

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APPENDIX V

REPORT ON THE CASE STUDIES OF THE APPLICATIONS FOR INDUSTRIAL REGISTRATION

In all 48 cases have been studied. Barring a few Directorates in which complete registration cases were not forthcoming, the cases selected for study covered all Directorates concerned with industrial registration. The break-up of the 48 cases is as indicated below:—

Directorate-wise

Engineering Directorates	37 (77%)
Chemical Directorates	11 (23%)

(Figures in respect of each Directorate are given in Annexure)

Industry-wise

Key industries	19 (40%)
Non-key industries	29 (60%)

According to the type of project

For new undertakings	23 (48%)
For new items of manufacture	11 (23%)
For substantial expansion programme	14 (29%)

According to the kind of assistance required

For allocation of indigenous raw materials/components in short supply	6 (12·5%)
For import of capital goods alone	2 (4%)
For import of RM/components alone	9 (19%)
For import of both RM/components and capital goods	30 (62·5%)
Other cases where no indication of the kind of assistance required was available	1 (2%)

Of 48 industrial units whose registration applications were examined, 4 had entered into foreign collaboration and 7 were contemplating to do so but had not finalised terms of collaboration. In the remaining 37 cases, no foreign collaboration was involved.

Procedure for registration

2. Till the beginning of 1964, all scheduled industrial units were required to obtain licences under the Industries (Development & Regulation) Act, 1951. Industrial units having fixed assets between Rs. 5 lakhs and Rs. 25 lakhs in value have since been exempted from this requirement; they are now required only to get themselves registered with the DGTD. Non-scheduled industrial units are also eligible for registration with the DGTD if they so desire. On such registration these units become entitled to government assistance in the matter of allocation of indigenous raw materials or components in short supply or for import of capital goods, raw materials, spares and components. According to the prescribed procedure all registration applications are to be registered in the coordination directorate and passed on to the technical directorate concerned for necessary action. The technical directorate makes a detailed scrutiny of the applications in consultation with other directorates, if necessary and formulate its recommendations as to the suitability of the firm for registration. The recommendations of the technical directorate are then communicated to the Ministry concerned with the industry (e.g. the Department of Industry, Ministry of Petroleum & Chemicals etc.) through the coordination directorate. On receipt of the approval of the concerned Ministry which again is required to be transmitted to the technical directorate through the coordination directorate, the technical directorate communicates to the party concerned the acceptance or rejection of the application as the case may be. If the application is accepted and it is decided to register the party a formal registration number is allotted. This number is required to be indicated by coordination

directorate while transmitting the case to the technical directorate on its return journey from the concerned Ministry. In cases where foreign collaboration is involved but the terms of such collaboration have not been finalised, the parties are not registered even if their applications are otherwise in order. In such cases letters of intent are given to the parties pending formal registration which is done only when the terms of collaboration have been settled and approved by Govt. Copies of acceptance or rejection letters or letters of intent addressed to parties are enclosed to coordination directorate. All these letters are issued on standard forms.

Disposal time

3. Case studies have shown that it takes 101 days on an average for the disposal of a registration application received by the DGTD. The break-up of 101 days is as follows:—

	Actual time		Notional time
Time taken by the CDN Dte.			
(*i*) In passing on the application to the Technical Dte.	9·1	(on the basis of 35 cases actually routed)	9·0
(*ii*) In passing on the comments of the Technical Dtes. to the concerned Ministry.	14·8	(on the basis of 4 cases actually routed)	
(*iii*) In giving registration number	4·1	(on the basis of 11 cases actually referred)	
Time taken by the parties in giving information .	22·3	(on the basis of 15 cases in which references were made)	7·4
Time taken by the State Govt. in furnishing information	59·0	(on the basis of 1 case only)	1·2
Time taken by the Sponsoring Dte.	49·7	(on the basis of the entire lot of 48 cases)	49·7
Time taken by other Directorates	40·4	per case (on the basis of 5 cases actually referred)	4·2
	18·4	per Dte.	
Time taken by the concerned Ministries . . .	34·5	(on the basis of 40 cases actually referred)	29·5
			101 days

The actual disposal time varied from 21 days to 293 days as will be seen from the following figures:—

Applications disposed of within 1 month	2
Applications disposed of between 1—2 months	13
Applications disposed of between 2—3 months	9
Applications disposed of between 3—4 months	14
Applications disposed of between 4—5 months	2
Applications disposed of between 5—6 months	3
Applications disposed of in more than 6 months	5
	48

Role of the CDN. Dte.

4. Although registration applications are required to be channelised through the coordination directorate, in actual practice this procedure is not being followed in all cases. Of 48 applications only 35 applications were received through coordination directorate, the remaining 13 having been received direct by the technical directorates. Again. out of 48 cases, 40 were referred by the technical directorates to the concerned Ministries but only 4 of them were sent through coordination directorates. On return journey from the concerned Ministry not a single case passed through coordination directorate, all 40 cases

having been returned, direct to the technical directorates. In 11 cases which were finally accepted for registration, the Technical Dtes. obtained registration number from the Cordn. Dte. only after the recommendations were finalised in consultation with the concerned Ministries.

Role of the sponsoring directorates

5. Including the time taken in seeking clarifications/information from the parties and consulting other directorates and State Government authorities, the average time taken by the sponsoring directorates works out to 62.5 days per case as shown below:

	Actual time (days)	Notional time (days)
Seeking clarification/information from the parties	22·3	7·4
Consultation with State Government authorities	59·0	1·2
Consultation with other directorates	40·4 per case 18·4 per Dte.	4·2
Processing of applications in sponsoring directorates	49·7	49·7
		62·5

Back-references to parties

6. In 15 cases (31%) back-references were made to parties. In 2 of these cases, applications were not in the prescribed form and the firms were required to resubmit their applications in proper form. Of the remaining 13 cases, firms were asked to make good the deficiencies in 8 cases and supply additional information in 5 cases. Details of the deficiencies noticed and the additional information required are as follows:

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Deficiencies		
Capital structure	5	cases
Plant and equipment to be installed	3	,,
Manufacturing programme	6	,,
Requirement of raw-materials/components	4	,,
Phased manufacturing programme	3	,,
Employment potential	2	,,
Broad terms of foreign collaboration	4	,,
Requirement of foreign technicians	1	case
Export programme	1	,,
Manufacturing process	1	,,
Specification of products	1	,,
Additional information called for		
Date of establishment of the unit	2	cases
Sources from which raw materials/capital goods were being obtained so far	2	,,
Audited balance sheet	1	case
Production figures for the last three years	1	,,
Quantity and value of raw materials used so far	1	,,
List of machines already installed	2	cases

7. Information was called for from the parties at ADO's level in 2 cases at DO's level in 12 cases and at IA's level in one case. In all the 13 cases it was found that the references made were both specific and comprehensive.

Consultation with State Government authorities

8. In 4 cases (8%) references were made to Industries Departments of State Governments. Reply was received only in one case after an interval of 59 days. In the other three cases the applications were recommended and the firms registered without waiting for the State Government's replies.

Consultation with other directorates

9. About 90% cases were decided without reference to other directorates. Only in 10% cases (5 cases) other directorates were consulted. In three cases more than one directorate was involved and the files were marked to them one after the other.

Processing of applications in sponsoring directorates

10. The average of 49.7 days taken by the sponsoring directorate in processing the applications is made up as follows:

	Average time per count	Average time per case		Notional average time per case
Asstt./JTO	6·2	18·0	(on the basis of 44 cases)	16·8
A.D.O.	3·3	9·0	(on the basis of 22 cases)	4·1
D.O.	4·4	18·5	(on the basis of 48 cases)	18·5
I.A./S.I.A.	1·9	2·8	(on the basis of 35 cases)	2·0
D.D.G.	4·4	4·4	(on the basis of 5 cases)	0·6
D.G.	0·7	1·0	(on the basis of 2 cases)	0·05
Diary, typing & despatch	2·2	4·5	(on the basis of 48 cases)	7·7
				49·7

11. Most of the delay takes place at the level of Asstt/JTO and the Development Officer. The case studies show that not worthwhile contribution was made by the Assistant or the JTO. Even then it took an average of 8.3 days before the first note was recorded on the case by an Assistant or the JTO. In the case of applications initially dealt with by officer the time lag between the date of receipt and the date on which first note was written was 4.7 days. Hardly 38% cases were put up within three days of their receipt in the directorate, as will be seen from the following figures:

(*a*) Cases put up within 3 days	18
(*b*) Cases put up between 3 & 7 days	16
(*c*) Cases put up between 7 & 14 days	7
(*d*) Cases put up between 14 & 21 days	3
(*e*) Cases put up between 21 & 28 days	1
(*f*) Cases put up in more than 28 days	3
	48

12. The delay at the Development Officer's level was mainly due to the reason that the files were put up to him too many times, average being 4 to 5 times per case.

13. In the 48 cases studied, final decisions were taken at the following levels:—

Cases recommended

Decision-taking level	Key	Non-key	Total
D.O.	3	1	4
I.A./S.I.A.	4	13	17
D.D.G.	2	..	2
D.G.	..	2	2
	9	16	25

Cases not recommended

Decision-taking level	Key	Non-key	Total
D.O.	3	3	6
I.A./S.I.A.	6	10	16
D.D.G.	1	..	1
D.G.	..	..	..
	10	13	23

It will be observed that decisions were mostly taken at the level of Industrial Adviser. ...

14. Out of 48 cases only 7 cases were decided at the first level of submission. The remaining 41 cases went up to 2 or more levels as shown below:

Cases processed through 2 levels	18
Cases processed through 3 levels	14
Cases processed through 4 levels	8
Cases processed through 5 levels	1

It was noticed that the higher officers from the views of their Juniors differed only in 2 cases.

15. In 11 cases (23%) files were put up by one D.O. to another D.O.

16. In 8 cases (17%) recommendations sent to the concerned Ministries were signed by 2 officers of the directorate.

Analysis of recommendations

17. The study of the recommendations made by DGTD has revealed that the ratio of cases "recommended" to those "not recommended" were almost fifty-fifty. Out of 48 cases, 25 cases were recommended and 23 cases were rejected. Of the applications recommended, 3 were decided by the DGTD without making any reference to the concerned Ministry. Similarly 5 of the rejected applications were disposed of by the DGTD themselves. Decisions in these 8 cases were taken on the basis of established policy. The remaining 40 cases were decided after due consultation with the Ministries concerned. It was found that in 39 cases, Ministries agreed with the recommendations of the DGTD in toto. Only in one case were the recommendations accepted by the Ministry subject to certain **conditions.**

18. From the perusal of files it appeared that the nature of the scrutiny was more or less the same as in the case of the industrial licensing applications where a check is exercised on the following points:

(i) Import policy of Government i.e. whether the items applied for manufacture are on the free list or on the banned list;
(ii) Total demand and total installed capacity;
(iii) Terms of foreign collaboration, if any;
(iv) Effect on foreign exchange;
(v) Regional distribution of licensed capacity; and
(vi) Technical feasibility.

19. Applications were rejected on one or more of the following grounds:

(a) Value of fixed assets being less than 5 lakhs	3 cases
(b) Adequate capacity was already licensed	12 cases
(c) Items applied for were on the banned list	1 case
(d) Shortage of raw materials	2 cases
(e) Schemes being technically unsound	7 cases
(f) Schemes being not financially feasible	1 case

ANNEXURE

(Para 1)

Directorate-wise distribution of cases studied

Engineering Wing	
1. Industrial Machinery Dte.	2
2. Met. Industries Dte.	3
3. Auto. Dte.	4
4. Electrical Engg. Dte.	2
5. H.M.E. Dte.	3
6. Scientific Instruments Dte.	6
7. Medical Instruments Dte.	2
8. Raw Material & Non-ferrous Metals Control Dte.	2
9. Tools Dte.	7
10. L.M.E. Dte.	7
	37
Chemicals Wing	
11. Oils & Food Dte.	2
12. Paints Dte.	2
13. Inst. Pest. & Pl. Chemicals Dte.	1
14. Leather Dte.	2
15. Dye-stuffs & Expl. Dte.	2
16. Paper & Pulp Dte.	2
	11
	48

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APPENDIX VI

DELEGATION OF POWER

	Existing authorities		Proposed authorities	
(*a*) Powers of appointment and discipline.	D.G.	in respect of Class II and Class III posts	D.G.	in respect of Class II posts
	Deputy Director (Administration)	in respect of Class IV posts	Director (Admn.)	in respect of Class III posts
			Deputy Director (Admn.)	in respect of Class IV posts
(*b*) Power to grant leave	D.G.	in respect of gazetted officers	D.G.	for Industrial Advisers and other senior officers
	Assistant Director (Admn.)	for Class II (non-gazetted) and Class III officers	D.D.G.	for development officers under their respective charges
	Section Officer	for Class IV officials	Director of Admn.	for all other gazetted officers
			Deputy Director (Admn.)	for Class II (non-gazeted) and Class III officers
			Section Officer	for Class IV officials
(*c*) Power to incur contingent expenditure	D.G.	Full powers of "Head of Deptt."	D.G.	full powers of "Head of Deptt."
	Assistant Director (Admn.)	upto Rs. 100 in each case	Director	upto Rs. 1,000 in each case
			Deputy Director (Admn.)	upto Rs. 500 in each case
			Section Officer	upto Rs. 50 in each case.
(*d*) Power to sanction G.P.F. Advances	D.G.	in respect of gazetted staff	D.G.	Full powers of a "Head of Department"
	Assistant Director (Admn.)	in respect of non-gazetted staff	Director of Admn.	in respect of officers upto D.O's. level in ordinary cases
			Deputy Director (Admn.)	in respect of non-gazetted staff and gazetted staff of or below the rank of A.D.Os. provided the normal conditions for granting these advances are satisfied.
(*e*) Grant of T.A. advances	D.D.G.	controlling officer for all gazetted officers upto the level of Senior Industrial Adviser /Industsial Advisers.	D.D.G.	controlling authority for Development Officers and Industrial Advisers
	(D.G. and D.D.Gs. are their own controlling authorities)		Director of Admn.	controlling authority for gazetted officers of and below the rank of Assistant Development Officer.
	Assistant Director (Admn,)	controlling authority for all non-gazetted staff	Deputy Director (Admn.)	controlling authority for non-gazetted staff

(ii) *Re-allocation of functions*—Allocation of functions between Administration I, II and III Sections may be revised as follows:—

	Existing	Proposed
Establishment I Section	Administration of gazetted and Class IV AStaff.	Administration of gazetted staff.
Establishment II Section	(*i*) Administration of other staff	(*i*) Administration of the entire non-gazetted staff
	(*ii*) Vigilance	(*ii*) Supervison of telephone exchange
	(*iii*) Supervision of telephone exchange.	
Establishment III Section.	(*i*) Office stores (*ii*) Staff car (*iii*) Telephones (*iv*) Water and electricity bills (*v*) Residential accommodation (*vi*) Night duty arrangements	Same as existing except that this section should also handle the work of issuing liveries to Class IV staff which is at present being done in Establishment I Section. The control of records room and Library which is at present the responsibility of the Co-ordination Directorate should be transferred to this Section.

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APPENDIX VII

REPORT OF THE TEAM APPOINTED TO EXAMINE THE WORKING OF THE PUBLIC RELATIONS UNIT OF THE DGTD's ORGANISATION

The origin of the PRU can be traced to the 123rd Report of the Estimates Committee (Second Lok Sabha) in which the observations made by them in para 39 are as follows:—

> "The Committee are inclined to agree with the opinion expressed by the Secretary to the Ministry. There is however, an unquestionable need to make available for all industrialists particularly those who do not have sufficient resources of their own a single source for the purpose of furnishing up-to-date and detailed information about any matter relating to starting of new or expansion of existing industries. The Committee feel that it would be helpful to have a Public Relations Unit in the Development Wing for this purpose. They also feel that it may be desirable for the Development Wing to establish in conjunction with State Governments, similar Unit in the State Directorates of Industries for rendering similar assistance to the industrialists and entrepreneurs."

As has been indicated to the Working Group in the previous notes prepared on PRU, the existing unit consisting of one Section Officer and a LDC is acting as not more than an enquiry-cum-receipt unit. If the objectives of the Estimates Committee have to be attained with increasing demand for clientele satisfaction on one hand and conduct of the business of Government in the open on the other hand fundamental changes in the organisation and method of PRU's unit would be necessary.

Objectives

The objectives of a Public Relations Unit which have been introvertibly accepted by all would be as follows:

(a) Dissemination of general information on procedural and developmental aspects of industrial lincensing, import licensing and indigenous clearance.

(b) Communication of information regarding pending applications and help in their speedy disposal.

(c) Supply of forms and literature germane to the functions of the DGTD.

(d) Disposal of the routine interviews on non-technical matters which the trade perforce has to seek with technical officers.

(e) Acting as a window through which the DGTD and the trade could effectively communicate the problems of each other in mutually helpful postures.

(f) Processing of complaints both verbal and written to ensure that remedial action is taken.

(g) Processing of suggestions.

(h) Bringing cases of inordinate delay to the notice of senior officers.

(i) Arranging receipt of applications etc. at the counter.

Existing draw-backs

The limitation of the existing arrangement in achieving the above objectives flow out of the following:—

(i) The Section Officer is not equipped to handle the visitors with an adequate measure of confidence and rapport.

(ii) A general tendency to withhold general or individual information more with a view to play safe than in observance of the usual criteria of classifying secret information, acts as an invisible wall between the DGTD's office and the trade.

(iii) Enquiry slips are handled in a routine way without conveying any meaningful information.

(iv) There is no screening of the visitors at the PRO's level or no effort made to satisfy the visitors before an interview with technical officers is arranged.

(v) The interviews between 3.00 p.m. to 5.00 p.m. are rather a 'free for all' business when even the formality of routing the interview slips through the PRO is not observed.

(vi) General information which are even otherwise communicable through notices, cyclostyled lists, charts, pamphlets, etc. are not displayed or made available at the counter.

Recommendations

In order to eliminate some of the major defects and achieve the general objectives indicated above, the following suggestions may be considered:—

Organisation of the PRU

1. An officer of the level of a Director in the scale of Rs. 1300—1600 may be appointed as a Public Relations Officer easily accessible to the trade on the one hand and directly responsible to the Director General, Technical Development on the other hand. Though technical knowledge would be desirable for him, it is not absolutely indispensable. The officer, however, should be fully conversant with the working of the DGTD's organisation and keep himself up-to-date about the various policy and procedural developments. He should be assisted by a Section Officer/Assistant Director who would sit at the counter as an Information Officer giving out general procedural information and supervising the work of receipt of applications and distribution of pamphlets and other literature at the counter. The Information Officer would also be responsible to ensure that the notice board and other information being displayed in the foyer is kept up-to-date and properly utilised. A visitor's room should also be provided.

The PRU should have one receipt clerk, one Assistant attached to the PRO, and one or two clerks to explain forms and for keeping the literature, lists, etc. up-to-date.

2. At the counter as also on the notice board the following information should be easily available and kept up-to-date:—

(a) List of indigenous manufacturers.

(b) A plan of the organisation of the DGTD's office indicating the names, room numbers of and subject dealt with by officers of and above the level of ADOs.

(c) Last dates of submission of applications.

(d) Information about the various industrial requirements of the country, the existing capacity of the units already licensed or registered, the amount of the capital out-lay that may be required for meeting the additional industrial requirements, the regions in which particular industries would be encouraged, etc.

(e) List of cases of import applications recommended/rejected during the previous week.

(f) Weekly statement of firm-wise allocation of foreign exchange.

(g) Weekly statement of firm-wise allocation of scarce raw materials.

Modus Operandi

3. The PRO sould be able to dispose of most of the interviews sought on non-technical and non-consultative matters, through Position Slip and general information available with him. In order to keep himself abreast of the policy and procedural changes, the PRO should be properly briefed by each of the Industrial Advisers and the DGTD in the beginning of each week. It should also be ensured that orders and decisions of a general nature affecting a group of cases

should be endorsed to the PRO also by all the Directorates. The above would be preferable to the alternative of requiring the PRO to attend various meeting which may keep him away from the visitors on matters, all of which may not be of immediate concern to him.

4. The Position Slips should be made more informative and should include the following information also:—

Remarks of the..........................Section/Directorate

(i) Present position of the case. (No. and date of the reply/recommendation to be given if the case has already been disposed of).

(ii) Date by which the case is likely to be disposed of.

(iii) Difficulties, if any. Whether a personal discussion with the party would expedite disposal of the case.

(iv) Name of the officer whom the Direcor should contact in case any further information is required.

5. In case of import applications, Position Slips may be entertained only after the expiry of 15 days from the date of allocation of foreign exchange or date of applying whichever is later. No interview with the technical officers should be arranged before the expiry of one month but the PRO should be responsible to see that causes of delay brought to his notice through Position Slips are eliminated and cases expedited under intimation to the dealihg officer. Similarly in case of industrial licensing Enquiry Slips; should be entertained only after 21 days of applying and interviews with technical officers allowed after 30 days.

6. No interview with technical officers should be arranged at any time of the day unless the visitor gets the clearance from the PRO. The interviews should not be below the level of an ADO. There should be a proper list of the interviews arranged with the technical officers. The technical officers also should not encourage interviews without first ensuring that the PRO has been consulated.

7. The office of the DGTD should be housed in a compact block like C.C.I. & E's organisation. This can be arranged without much difficulty by suitable exchange of rooms for which a small committee of the representatives of the CPWD, Estate Office, occupant Ministries and DGTD may be formed. In the alternative the DGTD's office can move to a compact building at Ramakrishnapuram. A compact accommodation is indispensable to eliminate ingress otherwise than through the PRO.

8. Position Slips and even interviews, if necessary, may be allowed in case of the non-scheduled industries where the applications are sent to the DGTD's organisation by CCI&E or other sponsoring agencies.

9. The PRO should be authorised to call for files and bring cases of delay to the notice of the Industrial Advisers. In this work he should be assisted by an Assistant whose function would also be to ensure that the Position Slips after being filled up by the concerned Directorates are available with the PRO at least a day in advance of the date fixed with the visitor.

10. A number of interviews are sought regarding attestation of 'retyped' lists of items cleared for import by the DGTD. It appears that the CCI&E's organisation requires the applicant to prepare clean copies of lists of items cleared by the DGTD and get these attested by the concerned Directorate, even after all the formalities have been completed. It is felt that preparation of lists which are used by the CCI&E's organisation for typing out the licences should be the job of either CCI&E's or DGTD's office and not of the trade.

11. Instead of two registers, one for general complaints and other for complaints of corruption both of which are lying practically blank, there should be only one register for 'complaints and suggestions'. All oral and verbal complaints should be received by the PRO who would dispose of complaints on procedural matters and delays himself in conjunction with the O & M Officer and would send the complaints regardng corruption to the Vigilance Officer.

APPENDIX VIII

LIST OF PUBLICATIONS BROUGHT OUT BY D.G.T.D.

(i) Handbook of indigenous Manufacturers of Engineers Stores.

(ii) Handbook of Indigenous Manufacturers of Chemical & Miscellaneous Stores.

(iii) Names of Indigenous Manufacturers of Industrial Machinery (Banned or restricted types).

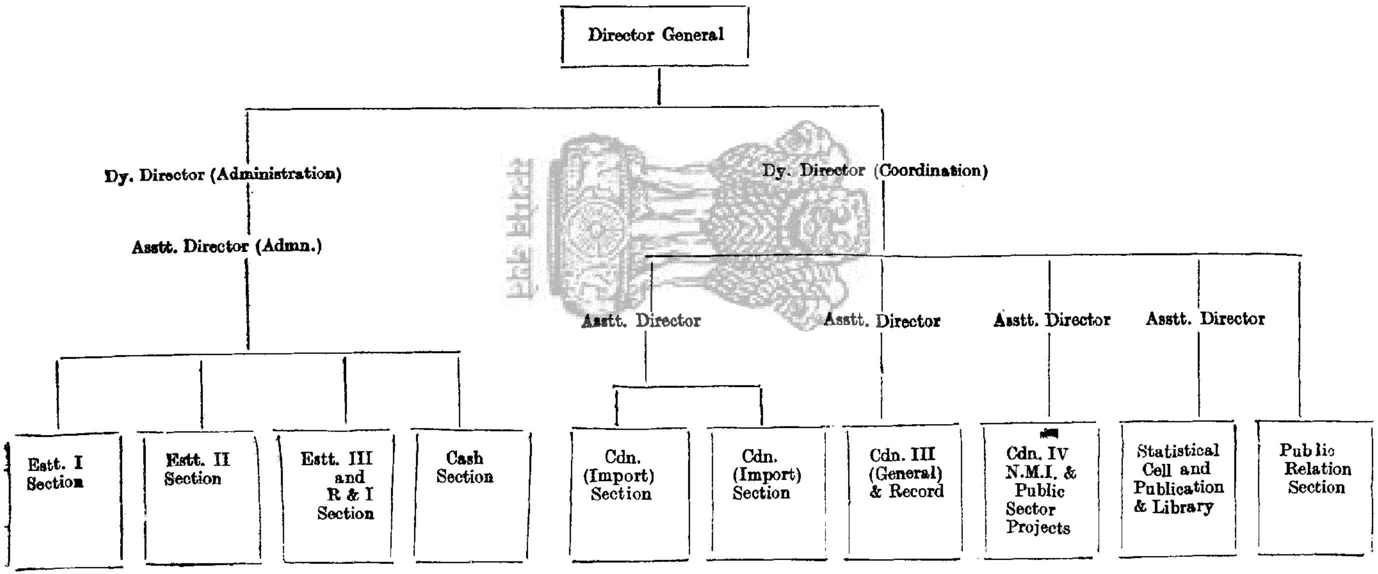
(iv) Annual Report of the D.G.T.D.

(v) Build Machines—Build India "Production and Programmes of manufacture of Machinery and Equipment".

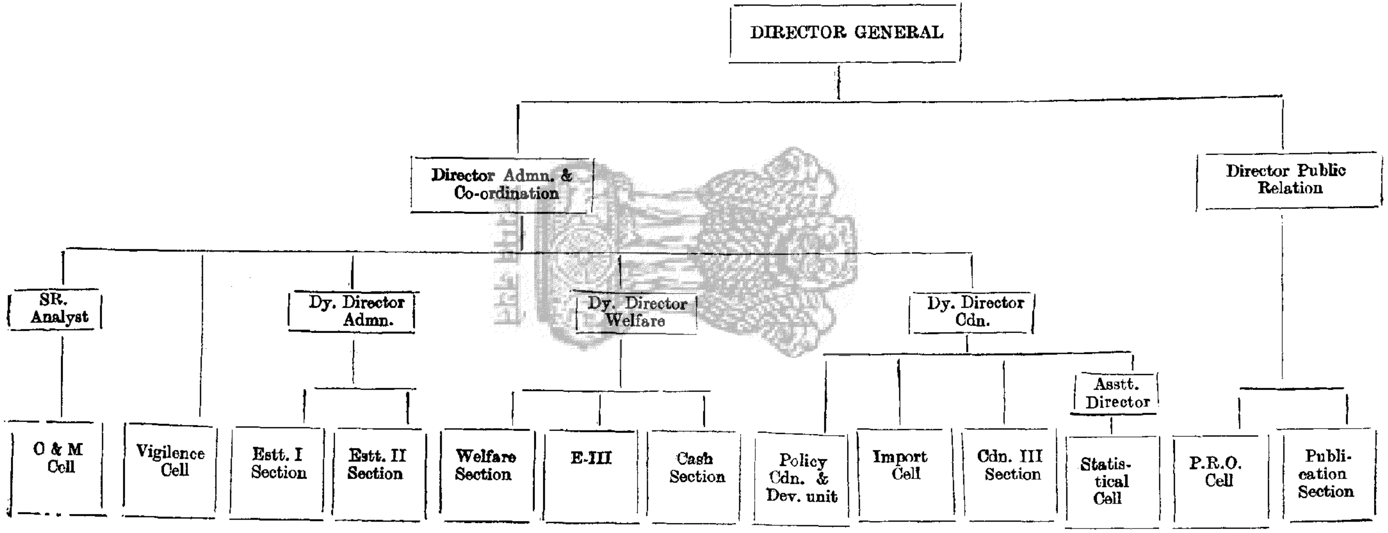
(vi) Import Policy for Actual Users for Machinery and Equipment.

APPENDIX IX

EXISTING SET-UP OF ADMINISTRATION, COORDINATION AND PUBLIC RELATION



PROPOSED SET-UP OF ADMINISTATION, COORDINATION AND PUBLIC RELATION



APPENDIX X

COMMON FORMS

The common form in use in the D.G.T.D. and the Study Team's recommendations in respect thereof are set out below:—

(i) S.P.R. I—This form is used for collecting information every month, from steel processing factories regarding the utilization of indigenous steel. As certain categories of steel have already been decontrolled and as the allocations of steel are made every six months, it is recommended that this return should be confined only to the controlled categories of steel and that the return should be submitted only every half year. A revised form is enclosed as Annexure I.

(ii) S.P.R. II—This form is used for obtaining information regarding the consumption of pig iron by foundries and also information regarding the production of castings by those foundries. This is a monthly return. The allocation of pig iron is made on an annual basis and it was examined whether it was necessary to continue this return on monthly basis. It was, however, pointed out that the information regarding production of casting was received from the foundries in this return only and not in any separate monthly production as in other Directorates. This form may therefore be continued. The form has, however, been simplified and a revised form is enclosed at Annexure, 2.

(iii) S.P.R. III—This form is used for obtaining information from new units in regard to the utilization of steel during the course of construction. This report is being obtained every month. Here too it, is recommended that this report should be obtained half yearly and should be confined only to the controlled categories of steel. A revised form is enclosed at Annexure 3.

(iv) *Monthly production Return*—In this form, information is obtained from the undertakings every month in respect of their production. This is a very important form and has to be continued. A revised form has, however, been prepared and will be found at Annexure 4.

It has been noted that some Directorates have made slight changes in the form as used by their undertakings. We are of the view that as the information contained in these returns has to be used by others as well and is also furnished to the Statistical Section for publication, it is appropriate that a common form is used throughout the D.G.T.D. If necessary, any Directorate requiring any additional information should call for it separately. Similarly, Directorates may issue separate instructions to their units as to how various columns in the form should be filled in by their undertakings keeping in view the special nature of the industries concerned.

(v) *Cement returns*—There are at present a number of different types of returns which are being obtained by the various Directorates from their undertakings in regard to the utilization of cement. We have felt that all these returns can be combined into three returns as follows:—

(a) Quarterly return regarding the utilization of and demand for cement by—

(i) New undertakings in respect of construction of factory, etc; and

(ii) Existing undertakings for repair and maintenance requirements.

(b) Quarterly return regarding the utilization of and demand for cement by industrial undertakings which use cement as raw-material.

(c) Form of application for allotment of cement for the construction of new undertakings or in the case of substantial expansion of existing undertakings.

Revised forms in respect of these returns are enclosed at Annexures 5 to 7.

(vi) *Application form for registration of industrial units with fixed assets between Rs.* 5 *lakhs and Rs.* 25 *lakhs*—Some modifications have been suggested to the existing form and the revised form is enclosed at Annexure 8.

(vii) *Application form for import of raw-materials components and spare parts.* (viii) *Application form for import of capital goods.*	The revised forms have already been included in Part I of our Report.

(ix) *Application form for industrial licensing*—These forms were examined by the Industries Development Procedures Committee and the revised forms recommended by that Committee were notified by Government only on the 11th December, 1964. It was therefore felt that it was too early to review these forms.

(x) *'G' form*—This is a half-yearly return submitted by undertakings giving progress of the implementation of the new schemes sanctioned under the Industries Act. A revised form is enclosed at Annexure 9.

2. It has felt that there should be some arrangements whereby the DGTD should be kept informed of the developments taking place in industrial units borne on their books. We, therefore, propose that once in every two years, a progress return should be obtained from the undertakings. For this purpose, a proforma is enclosed at Annexure 10. This proforma gives only a general outline and each Directorate may modify it to suit the special requirements of their industries.

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ANNEXURE 1 TO APPENDIX X

SPR I

CODE NO. ....

(Allotted by DGTD)

GOVERNMENT OF INDIA

DIRECTORATE GENERAL OF TECHNICAL DEVELOPMENT

Return for the period ending 196

N.B... (i) This return must be submitted by the 10th of the month following the period to which it pertains by all Steel Processing Factories which obtained a quota allotment of steel at any time from the Directorate General of Technical Development.

(ii) Information should be furnished only in respect of the 'controlled' categories of steel.

Name & address of Steel Processing Factory..

Name & address of Owner of Factory ....

Steel Stock Position

(Figures to be stated to the nearest tonne only)

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	Structurals Bars & Rods	Plates	Sheets	Other controlled categories	Total of columns 1 to 4
	1	2	3	4	5
Total stocks of steel in your yard or factory at end of previous period. . . .			Tonnes	....	
Steel received during the period .					
Steel consumed during the period					

Column (1) Structurals, Bars & Rods .	In the form of Angles, Tees, Channels, Joists & Rails, Rounds, Flates, Squares, Haxagons, Octagons and half Rounds.
Column (2) Plates	All sizes and thickness of 1/8" and over & wagon sheets of 12 G.
Column (3)	In the form of Black & Galvanised Sheets both plain and corrugated and gauges of O O and thinner and also all sizes & gauges of Tinplates or any of its substitutes.
Column (4)	Not covered by 1 to 3 above and including such categories as Tool Steel, Special Steel, Alloy Steel, Wire & Wire products but excluding Pig Iron, Bolts Nuts, Rivets, Washers.

N.B.—The return shall cover as accurately as possible all pieces of Iron & Steel as lying in the Yards or Factory on the last day of the period and on which fabricating or processing has not actually been commenced. By this is meant every piece of steel which has not had a hole made in it or has not in any other way been processed.

The information given in this return is to the best of my knowledge and belief correct, and the steel has been consumed for the purpose for which the Quota Certificate was granted to the factory.

(Signature of Manager or Owner of Factory)
Date:..........................

To
The Directorate General of Technical Development
Udyog Bhavan, New Delhi.

ANNEXURE 2 TO APPENDIX X

SPR II

FOUNDRY NO. ....

CODE NO. ....

(*Allotted by DGTD*)

GOVERNMENT OF INDIA

DIRECTORATE GENERAL OF TECHNICAL DEVELOPMENT
METALLURGICAL INDUSTRIES DIRECTORATE
UDYOG BHAVAN, MAULANA AZAD ROAD

New Delhi, the 196 .

This return must be submitted by the 10th of every month by all foundries which have been in receipt of a quota allotment of pig iron from time to time from the Central Government.

Return for the month of ....

1. Name and the address of foundry:..
....
....

2. Name and address of owner of foundry: ....
....
....

3. Tonnage of Pig Iron outstanding for supply by the producers/stockists (on the last day of the month under report) against firms orders booked by them on quotas.

Category of pig iron	Tonnage
Standard (High Manganese) Foundry Gr. I	
Other Standard Foundry Grades.	
Low Manganese Grades	
Ungrades (Off Grades)	
Total	

4. Stock, Receipt and Consumption of Pig Iron (to the nearest tonne).

	Standard Fdry. Grade 1 Pig Iron	Other standard Fdry. Grades Pig Iron	Low Manganese grades Pig Iron	Off-Grades ungrade Pig Iron	Total 1 to 4	Scrap		
						Return Metal (Runners Risers Rejects	Purchased	Coke for Iron Fdry. use only
1	2	3	4	5	6	7	8	9
Tonnage opening stock in allottee's yard or foundry on the first day of the month. . . .								
Tonnage received during the month . . .								

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1	2	3	4	5	6	7	8	9
Tonnage consumed during the month . . .								
Tonnage closing stock in allottee's yard or foundry on the last date of the month . . .								

5. Production of Iron Castings.

Sl. No.	Description of castings produced	Tonnage of Pig Iron consumed	Production of castings		Remarks
			During the month (Tonne)	Proggressive total during the calendar year (Tonne)	
1	2	3	4	5	6

N.B.—Against Column (2), if the types of castings produced are too numorous, they should be bulked and classified under broad heads.

The information given in this return is to the best of my knowledge and belief correct and the pig iron has been consumed in this foundry for the purpose for which the Quota Certificate was granted to this foundry.

Signature of Manager or Owner of Foundry

Date: ....

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ANNEXURE 3 TO APPENDIX X
SPR III
CODE NO. ....
(Allotted by DGTD)

GOVERNMENT OF INDIA

DIRECTORATE GENERAL OF TECHNICAL DEVELOPMENT

NOTE—This report must reach the appropriate Development Officer of the Directorate General of Technical Development, New Delhi by the 10th of the month following the period to which it pertains. Information should be furnished in respect of "Controlled Categories" of Steel.

Project No.

Description of project:

Address of the party reporting progress of the project:—

(1) Total Steel demanded for the project:

(2) Total steel allotted up-to-date:

(3) Balance of steel requirements to complete the project.

Source of supply	Steel received upto the end of the period	Steel utilized upto to end of the period	Balance steel on hand not yet utilized
Steel allotted by D.G.T.D.			
Steel allotted by the Iron & Steel Controller .			
Steel allotted by other sources . . .			

I certify the above report to be correct.

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(Signature of Manager/Owner of factory)
Date ....

ANNEXURE 4 to APPENDIX X
CODE NO. ....
(Allotted by DGTD)

Monthly Production Return

Name of the Producer:

Address:

Location of the factory:

Annual licensed capacity
Annual installed capacity

Name of Industry

Industrial Statistics for the month of ——————————

Number of days worked during the month ——————————

Average daily number of shifts worked during the month ——————————

Nature & duration of working of any section over & above the normal shifts ————

Name of the products manufactured (with complete specifications,** wherever possible)	Unit	Installed capacity per month product-wise	Production during the Month		Closing stock on the last day of the month	Increase or decrease as compared with the production in the corresponding month of the previous year and brief reasons thereof	The period upto which the factory will remain completely occupied based on (i) orders in hand on last day of the month (ii) estimated demand
			Quantity	Ex-factory value in Rs. exclusive of Dealers/Distributors/Agent Commission			
1	2	3	4	5	6	7	8

**Products in the tariff protected categories should be indicated separately.

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ANNEXURE 5 TO APPENDIX X

CODE NO. ....
(Allotted by DGTD)

Cement return for the quarter..

NOTE—This return must reach the Directorate General of Technical Development by the dates mentioned below:—

QUARTER	*DATE*
April—June (Period II)	31st January preceding.
July—Sept. (Period III)	30th April preceding.
Oct.—Dec. (Period IV)	31st July preceding.
Jan—March (Period I)	30th Sept. preceding.

EXPLANATION: In respect of Quarter April—June, the expressions.

Previous quarter means	October—December.
Current quarter means	January—March.
Next quarter means	April—June.

and similarly in respect of other quarters.

PART 'A'

(To be filled in respect of new constructions)

1. Name and address of the applicant
2. Name and location of the project
3. (i) Total cement for the project as approved by DGTD.
   (ii) Total cement allotted upto the end of current quarter.
   (iii) Balance of cement required to complete the project.
4. (a) In respect of the previous quarter—
   (i) Quantity demanded
   (ii) Quality allotted
   (iii) Quality ordered
   (iv) Quantity received
   (vi) Quantity used

EMPLOYMENT

Workers as defined under the factories Act	Average number of persons employed during June/December	Reason for perceptible drop in employment and its likely duration
1	2	3
(*i*) Supervisory		
(*ii*) Clerical		
(*iii*) Skilled		
(*iv*) Semi-skilled		
(*v*) Un-skilled		
(*vi*) Others not reckoned if any, under Factories Act . .		
Total		

(*N.B.*—The information in the above statement should be furnished only in the returns for the months of June & December).

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Questionnaire *Answer.*

(1) Was your factory working at full capacity during the month, if not, give reasons such as:

(a) Labour trouble.

Nature and cause of labour trouble, the number of workers affected and the extent to which the production has been affected.

(b) Difficulty in obtaining raw material & fuel, power and efforts made to overcome it.

(i) Indigenous.
(ii) Imported.
(iii) Coal and other fuel.

(c) Transport difficulty and efforts made to overcome it.

(i) in transporting raw materials.
(ii) in transporting finished goods.

(d) Other reasons, such as machinery breakdown, overhauling, etc. if any

(2) Reasons for significant variations in,
(i) installed capacity and
(ii) production during the month under report as compared with previous month.

Forward to Development Officer (**Dte.)**
Directorate General of Tech. Development, Udyog **Bhavan, New Delhi.**

Signature ....
Name of the firm.......................

(b) Give reasons for difference between—
(i) Quantity allotted & quantity ordered.
(ii) Quantity ordered & quantity received.

5. In respect of current quarter—
(i) Quantity demanded
(ii) Quantity allotted

6. (i) Total quantity received upto the end of the previous quarter.
(ii) Total quantity used upto the end of the previous quarter.
(iii) Stock in hand at the end of the previous quarter

7. Total quantity still to be received against all past order.

8. Demand for the next quarter.

Signature of the Owner/Manager of the factory.

Place.....................
Date.....................

PART 'B'

(To be used for repair and maintenance requirements)

1. **Name and address of the applicant** ....
2. **Name and location of the project** ....
3. **(a) In respect of the previous quarter—**
   - (i) Quantity demanded..
   - (ii) Quantity allotted ....
   - (iii) Quantity ordered ....
   - (iv) Quantity received ....
   - (v) Quantity used ....
   - (vi) Stock at the end of the quarter ....
   - (b) Give reasons for difference between—
     - (i) Quantity allotted and quantity ordered ....
     - (ii) Quantity ordered and quantity received ....
4. In respect of the current quarter—
   - (i) Quantity demanded ....
   - (ii) Quantity allotted ....
5. Quantity still to be received against all past orders.
6. (i) Demand for the next quarter ....
   (ii) Purpose for which required ....

Certified that—

(i) the above requirement of cement is genuine; and

(ii) cement received upto the end of the previous quarter has been utilised/will be utilised for the purpose for which it was allotted.

Signature of the Owner/Manager of the factory.

Place ....

Date.............................

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ANNEXURE 6 TO APPENDIX X
CODE NO. ....
(Allotted by DGTD)

Cement return for the Quarter...............

NOTES—

1. This return is to be used by the industrial undertakings which require cement as raw-material
2. This return must reach the Directorate General of Technical Development by the dates mentioned below:—

Quarter		*Date*.
April—June (Period II)	—	31st Jan. preceding.
July—Sept. (Period III)	—	30th April preceding.
Oct.—Dec. (Period IV)	—	31st July preceding.
Jan—March (Period I)	—	30th Sept. preceding.

EXPLANATION: In respect of Quarter April—June, the expressions

Previous quarter means	—	October—December.
Current quarter means	—	January—March.
Next quarter means	—	April—June.

and similarly in respect of other quarters.

---

1. Name and address of the applicant......
2. Name and location of the project ......

	Installed capacity	Requirement of cement in Tonnes.
3. Installed capacity (monthly) item of Manufacture		
(a) Prestressed Pipes		
(b) R.C.C. Hume Pipe.		
(c) R. C. C. Poles.		
(d) Other concrete products.		....
4. (a) In respect o fthe previous quarter—		....

(i) Quantity demanded.
(ii) Quantity allotted.
(iii) Quantity allotted.
(iv) Quantity received.
(v) Quantity used.
(vi) Stock at the end of the quarter

(b) Give reasons for difference between—

(i) Quantity allotted and quantity ordered.
(ii) Quantity ordered and quantity received.

5. In respect of current quarter—

(i) Quantity demanded.
(ii) Quantity allotted.

6. Quantity still to be received against all past orders.
7. Demand for the next quarter.

Signature of the Owner/Manager of the factory.

Place ....
Date ....

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ANNEXURE 7 TO APPENDIX X

CODE NO. ....

(Allotted by DGTD)

Application for allotment of cement for the construction of a new undertaking or in the case of substantial expansion of an existing industrial undertaking.

1. Scheduled industry to which the articles manufactured by the undertaking relates. ....
2. Name and address of industrial undertaking ....
3. Number & date of the registration certificate/licence/permission issued to the undertaking to which this return relates ....
4. Estimated total requirement of cement for completion of the project. ....
5. Probable date of commencement of construction of the project..
6. Break-up of the above demand (Quarter-wise).........

NOTE—The above demand should be supported by copies of drawings and estimates duly certified by a Chartered Engineer/Architect.

Signature of the Manager/Owner of the Industrial Undertaking.

Place ....

Date ....

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ANNEXURE 8 TO APPENDIX X

Application form for registration of industrial units with fixed assets between Rs. 5 lakhs and Rs. 25 lakhs in the Directorate General of Technical Development.

NOTES (1) The application for registration shall be made, with 6 copies, to the Directorate General of Technical Development, Udyog Bhavan, New Delhi.

(2) The application should be made for registration in respect of Industries handled by the Directorate General of Technical Development.

(3) One copy of the application made for registration should be forwarded by the party to the Director of Industries in the State where the industrial undertaking is proposed to be located.

(4, The application for registration should accompany the import application for capital goods in case the proposed manufacturing programme in the application involves import of capital equipment. The registration shall be consequential to the grant of import licence of the Capital Goods.

(5) This form should be used—

(a) By an existing unit with fixed assets between Rs. 5 lakhs and Rs. 25 lakhs on the occasion of its initial registration with the D.G.T.D.

(b) By an existing unit with fixed assets between Rs. 5 lakhs and Rs. 25 lakhs which is already registered with the D.G.T.D., in the case of substantial expansion of its existing capacity or for the manufacture of new articles or for the change of location.

(c) For the establishment of a new unit with fixed assets between Rs. 5 lakhs and Rs. 25 lakhs.

(d) By an existing unit with fixed assets below Rs. 5 lakhs, in the event of expansion of the existing capacity or for undertaking the manufacture of new articles, which would result in the fixed assets exceeding Rs. 5 lakhs.

1. (a) Name & address of applicant:
(b) Name & address of the Industrial Undertaking.
(c Location .... Distt. .... State ....
(d) Whether public/private Ltd., or a proprietory concern.
(e) If already registered with D.G.T.D., give Registration No...............

2. Capital Structure :	Existing, if any	Proposed for programme in 3(*b*) below
(*a*) In case of limited company		
(*i*) Authorised		
(*ii*) Issued		
(*iii*) Paid up		
(*iv*) Borrowings, if any		
(*b*) In case of others		
(*i*) Capital		
(*ii*) Borrowings, if any		
(*c*) Details of investment		
(*i*) Land		
(*ii*) Building		
(*iii*) Plant & Machinery		
(*iv*) Others, if any		
Total 2(*c*) .		

3. Manufacturing Programme.

(a) Existing activities, if any.

(i) *Production.*

Sl. No.	Item of production	Existing capacity		Actual production during the last 3 calendar years separately for each year	
		Quantity Tonnage	Value	Quantity/ Tonnage	Value
1	2	3	4	5	6
1					
2					
3					

(ii) *Raw Materials & Components used for the above production.*

Sl. No.	Name of raw-material /component	Whether imported or indigenous	Quantity used during the last calendar year	
			Quantity/Tonnage	Value
1	2	3	4	5
1				
2				
3				

(iii) Indicate the value of licences obtained from CCI&E/Iron & Steel Controller for the import of raw-materials and componnets/iron and steel during the last licensing period of 12 months.

(b) Proposed Manufacturing Programme.

(i) *Production.*

Sl. No.	Item of manufacture	Annual capacity		Estimated annual production		C.I.F. value of unit/ product
		Quantity/ Tonnage	Value	Quantity/ Tonnage	Value	
1	2	3	4	5	6	7
1						
2						
3						

Note—In the case of substantial expansion of capacity in respect of an existing unit, only the additional annual capacity and the additional estimated annual production should be given.

(ii) *Requirements of Raw-Materials and Components for the estimated Annual Production given above.*

Sl. No.	Name of material/ component	Whether imported or indigenous	Annual requirement	
			Quantity/Tonnage	Value
1	2	3	4	5
1				
2				
3				

NOTE—In the case of substantial expansion of existing unit, only the additional requirements of raw-materials/components should be given.

4. Phased manufacturing programme for 3(b) above, if any.

Year	Item of production	Annual production quantity	Cost per unit	Cost of indigenous content per unit	Cost of imported content per unit	Percentage which (5) bears to (4)
1	2	3	4	5	6	7
1st year						
(*i*)						
(*ii*)						
(*iii*)						
(*iv*)						
2nd year						
(*i*)						
(*ii*)						
(*iii*)						
(*iv*)						
3rd year etc.						

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(Attach a sheet, if necessary)

5. Plant and equipment to be installed for the proposed phased manufacturing programme.

	1st year	2nd year	3rd year
(*a*) Value of plant and equipment of imported origin .			
(*b*) Value of plant and equipment of indigenous origin .			
Total .			

6. Employment potential

	Existing if any	For programme in 3(*b*) above
(*i*) Supervisory		
(*ii*) Skilled		
(*iii*) Unskilled		

7. Broad terms of collaboration agreement with overseas parties, if any (Enclose copies of the draft agreement if available).

8. Requirements of foreign Tecnicians. if any.

9. Any special facility required for undertaking the programme in 3(b) above—

(a) For industries involving bulk requirements, of power, fuel, water or any raw-material like clays in case of a refractory, please state whether survey of availability with respect to location in 1(c) above has been made; if so, report briefly.

(b) Special features of the scheme, if any.

10. In the case of change of location, indicate—

(i) The reasons for the proposed change.

(ii) The proposed location with Distt. & State.

Signature of the Manager/Owner of the undertaking

Place ....

Date ....

ANNEXURE 9 TO APPENDIX X

FORM 'G'

Prescribed under Rule 19 of the Registration and Licensing of Industrial Undertakings Rules 1952 (as revised).

Return for the period ending ———.

Separate return should be sent in respect of each industrial licence.

Report of the progress made in the establishment of Industrial Undertakings.

This form is to be used for reporting progress in the following cases:—

(a) Establishment of a new industrial undertaking.

(b) Substantial expansion of an existing undertaking.

(c) Manufacture of new article(s).

(d) Change in the location of an industrial undertaking.

---

1. (a) Article(s) permitted to be manufactured.

   (b) Scheduled industry to which the article(s) in (a) above belong.

2. Name and address of industrial undertaking....................................

3. (a) Number and date of the registration certificate/licence/permission issued to the undertaking to which this return relates ....

   (b) Capacities licensed for—

      (i) New undertaking ....

      (ii) Substantial expansion ......

      (iii) Manufacture of new article(s).

   (c) Dates according to the terms of industrial licence by which—

      (i) Effective steps have to be taken.

      (ii) The project has to be completed.

   (NOTE—Amendments/extensions etc. if any sanctioned by the licensing authority in any of the above items should be specifically mentioned).

4. Capital:

   (NOTE—In cases other than "New undertaking" information to be furnished should be in respect of additional capital required).

   (a) I. In the case of a public company within the meaning of the Companies Act, 1956—whether the permission of Controller of Capital Issues has been obtained and if so, indicate—

      (i) Authorised capital.

      (ii) Issued capital.

      (iii) Paid up capital.

II. In the case of others, indicate the amount of capital raised.

	Indigenous	Foreign
(b) Total capital envisaged for the project.		
(c) Total expenditure incurred on the project.		
(i) Upto the end of previous period.		
(ii) During the period.		
(iii) Total.		

5. Land:
   - (i) Area of land required for the factory.
   - (ii) Area acquired and its—
     - (a) Exact Location.
     - (b) Date of purchase/lease/hire.
     - (c) Expenditure incurred—
       During the period.
       Upto date.

Progress made in the construction of factory building:
- (i) Estimated Expenditure
- (ii) Expenditure incurred
  During the period
  Upto date.
- (iii) Probable date by which the entire factory building will be ready.

Capital Plant & Equipment:
- (i) Total value of plant and equipment required.
- (ii) In the case of imported plant and equipment, indicate—
  - (a) Date of application for capital goods licence.
  - (b) Number & date of Capital Goods licence issued and CIF value thereof.
  - (c) Whether you have been asked to negotiate for foreign exchange loan from anyone of the lending institutions; if so, the progress made so far.
- (iii) Value of plant and equipment order and received.

	Imported		Indigenous	
	During the period	Upto date	During the period	Upto date
(a) Ordered.				
(b) Received.				
(c) Expected date of receipt of balance of the plant and equipment.				

8. Progress made in the installation of plant and equipment:
   - (i) Value of Plant and equipment installed.
     During the period
     Upto date
   - (ii) probable date by which installation of all the plant and equipment required is expected to be completed.
   - (iii) When the factory is expected to go into regular production.

9. Power:

Whether necessary connection has been sanctioned by the competent authority and if so, whether adequate arrangements have been made to receive the power.

10. Water Supply:

Whether necessary connection has been sanctioned by the competent authority and if so, whether adequate arrangements have been made to receive the supply.

11. Progress made in the recriutment of technicians, if any:
   - (i) Indian.
   - (ii) Foreign, if any.

12. Staff & Labour:

	Employed before the implementation of the project	Now employed	Total to be employed
(a) Managerial			
(b) Supervisory			
Technical			
Non-technical			
(c) Clerical			
(d) Labour—			
Skilled			
Semi-skilled			
Un-skilled			
(e) Other categories, if any.			

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13. Principal raw-materials required and whether adequate arrangements have been made for their procurement.

14. If factory has gone into production, indicate:
   - (i) Name of product/bye-product.
   - (ii) Annual licensed capacity.
   - (iii) Capacity established/installed on the basis of optimum utilization of the plant and machinery installed.

(iv) Production if any, during the period.

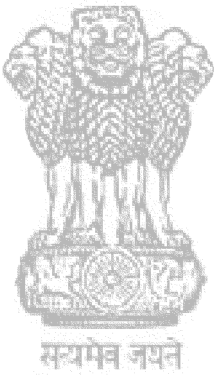
(v) When full capacity expected to be installed.

15. Any other matter on which the entrepreneur might like to report progress.

Signature of the Manager/Owner of the factory.

Place ....

Date: ....



ANNEXURE 10 TO APPENDIX X

Questionnaire for Obtaining Progress Report in respect of an Industrial Unit Every Two (Calendar) Years

1. Name and address of the company.
2. Location of the factory. (If location changed since last, indicate the same).
3. Year in which commenced production.
4. (i) Whether licensed under the Industries (Development & Regulation) Act, 1951? If so, give the number(s) & date(s) of licences held and items licensed with capacity.
   (ii) If registered with DGTD, give registration No. & date with items & capacity.
5. Capital structure:—
   - (a) Whether public/private limited or a proprietary concern.
   - (b) (i) Authorised capital.
     - (ii) Paid up capital.
     - (iii) Fixed assets.
       - (a) (i) Value of land & buildings as given in the last report. (If in a rented building, indicate annual rent).
         - (ii) Additions made during the last two years.
       - (b) (i) Value of plant machinery as given in the last report.
       - (ii) Additions made during the last 2 years.
6. Labour employed (Average):

   Supervisory staff
   Supervisory labour
   Skilled labour
   Semi-skilled labour & unskilled labour.
7. Particulars of plant and machinery.

   (Additions made during the last 2 years to be shown separately).

8. Production:—

Item of manufacture	**Capacity**	**Actual annual production year-wise**

9. Raw-materials:—

Indigenous	**Imported**	**Annual consumption year-wise**

10. Projected programme of production year-wise for next two calendar years.

APPENDIX XI

RECOMMENDATIONS REGARDING FORMS WHICH ARE SPECIAL TO VARIOUS DIRECTORATES

Returns received from the Industry

Chemicals Division

Serial No.	Particulars of return	Periodicity	Recommendations of Sub-Committee
	PAPER AND PULP DIRECTORATE		
1	(*a*) Coal Stocks .. .. (*b*) Coal Consumption	Weekly Monthly	*To be discontinued*, in so far as Directorate General of Technical Development are concerned, in view of the easy supply position. An amendment of the Coal Control order, if necessary, may be effected.
2	Consumption of chemicals—Caustic soda, sodium sulphate and soda ash.	Monthly	*To be continued* but on *quarterly basis.*
3	Supply of paper to Government against rate-contract.	Monthly	*To be discontinued.* This return was introduced sometime last year at the instance of the then Minister (Supply) because there was an acute shortage of paper and Government Deptts. were not receiving adequate supply. The position regarding the supply of paper now being satisfactory, it is no longer necessary for the D.G.T.D. to continue to obtain this return. The D.G.S. & D. and the Chief Controller of Printing & Stationery who purchase paper on behalf of Government must be keeping watch on the supplies to be received and if, at any stage, they feel any difficulty, then they can approach the D.G.T.D. for assistance. The question of the discontinuance of this return may, therefore, be submitted to the Minister (Supply) for consideration.
4	Progress report in respect of units in advance stage of implementation.	Monthly	To be replaced by the common form 'G'.
5	Wood pulp Statistics	Annual	*No change.*
6	Consumption of different raw-materials, chemicals, spares.	Annual	*No change.*
	ACID AND FERTILIZERS DIRECTORATE		
7	Stock & consumption of chilean nitrate.	Quarterly	*To be continued* in the revised form enclosed (Annexure I).
8	Stock and consumption of ammonium sulphate.	Monthly	*To be discontinued.*
9	Stock of Rock phosphate ..	Quarterly	*To be continued* but on *half yearly basis* in the revised form enclosed (Annexure II).
10	Stock of Sulphur ..	Quarterly ..	*To be continued* in the revised form enclosed (Annexure III).
11	Unit consumption data	Monthly	*To be continued* but *on yearly* (Calendar) basis. This return had been introduced at the instance of the Development Council concerned several years ago with a view to assessing the efficiency of the manufacturing units. It would, however, be enough if the information is called for on yearly basis.

Serial No.	Particulars of returns	Periodicity	Recommendations of Sub-Committee
12	Rock Phosphate import ..	Fortnightly	*No change.*

ORGANIC CHEMICALS AND PETRO CHEMICALS DIRECTORATE

13	Ammonium sulphate	Monthly	*To be continued* but on half yearly basis.
14	Efficiency Data	Monthly	*To be continued.*
15	Production and sale of alcohol ..	Fortnightly	*To be continued.*
16	Alcohol consumption	Monthly	*To be continued.*
17	Production and distribution of alcohol.	..	This is not a regular return and the information is called for whenever found necessary.
18	Questionnaire for cement processing industry.	Only once	*To be continued* in the revised form enclosed (Annexure IV). This return is submitted by a manufacturing unit only once at the time of making its application for the allotment of cement for the first time. The form has, however, been simplified and a revised form is enclosed.
19	Telegraphic intimation of monthly production of cement.	Monthly	*To be continued.*
20	Production of Cement Industry ..	Monthly	To be replaced by the common monthly production return.
21	Production of cement processing industry.	Monthly	
22	Production, despatch and stock returns of cement factories.	Daily	*To be discontinued.* This information is essentially required by the State Trading Corporation but a copy thereof need not be sent to the D.G.T.D. as it is not of any use to them.
23	Production forecast of cement ..	Quarterly	To be continued.
24	Demand for cement for IMP purposes.	Quarterly	All these forms to be replaced by a common form.
25	Demand for cement for PID purposes.	,,	
26	Demand for cement processing purposes.	,,	
27	Progress report form for PID jobs	,,	
28	Progress for IMP jobs	,,	
29	Progress reports for processing jobs.	,,	
30	Coal demand return	Monthly	*No change.*
31	Requirements of iron and steel ..	Half yearly	To be replaced by a common form.
32	Questionnaire for cement factories	Only once	*To be continued.* This is additional information which is called for from cement factories at the time they apply for industrial licence, as this information is not available in the general application.

CEMENT DIRECTORATE (ASBESTOS GROUP)

33	Production statistics of graphite crucible industries.	Monthly	To be replaced by the common monthly production return.
34	Production return of Asbestos Cement and other Asbestos Cement products.	Monthly	To be replaced by a common form.
35	Production return of other Asbestos products.	Monthly	To be replaced by common form.
36	Production return for pencils ..	Monthly	

Serial No.	Particulars of return	Periodicity	Recommendations of Sub-Committee
37	Demand for cement processing industry.		To be replaced by a common form.
38	Demand for PID quota of cement		
39	Demand for cement for maintenance/repairs.		
	GLASS DIRECTORATE		
40	Sodium Nitrate..	Monthly	To be continued but on half yearly basis.
41	Soda Ash return	Monthly	To be discontinued.
42	Coal return.	Monthly	
43	Employment return	Quarterly	To be replaced by a common form.
44	Demand for steel/cement (PI quota).		
45	Demand for IMP allotment ..	Quarterly	To be replaced by a common form.
46	Demand for SPI quota	Half yearly	To be replaced by a common form.
	LEATHER DIRECTORATE		
47	Consumption of ammonium sulphate	Monthly	To be continued but on a quarterly basis.
	RUBBER DIRECTORATE		
48	Raw-rubber consumption and stock statistics.	Monthly	To be continued but on quarterly basis.
49	Statistics of rubber issued by the Rubber Board.	Monthly	To be continued.
50	Stiatistics of rubber issued by the Rubber Board.	Quarterly	To be continued.
51	Form 'K' return in respect of various grades of rubber.	Monthly	To be discontinued. This return is submitted by the units to the Rubber Board with a copy to the D.G.T.D. D.G.T.D.'s copy can be discontinued.
52	Retreading of tyres	Monthly	To be discontinued.
	TIMBER DIRECTORATE		
53	Variety-wise production return ..	Monthly	To be replaced by a common form.
54	Certificate of inspection ..		These returns are peculiar to the Plywood Directorate and are to be continued.
55	Details of exports		
56	Certification of verification ..		
57	Report on Plywood Inspectorate ..		
58	Details of cess calculations ..		
	FOOD AND OILS DIRECTORATE (PAINTS GROUP)		
59	Production return	Half yearly	To be continued. This return is intended to obtain information in greater detail than available in the monthly production return.
60	Utilization of import licences for raw-materials/components.	..	To be continued. In this Directorate block allocations of foreign exchange are made and it is, therefore, necessary to obtain information as to what stores has been imported by the firm against such allocations.

Serial No.	Particulars of return	Periodicity	Recommendations of Sub-Committee
	FOOD AND OILS DIRECTORATE (PAINTS GROUP)—*contd.*		
61	(*a*) Questionnaire calling for various information relating to the production of soap. (*b*) Quetionnaire calling for various information relating to the production of glycerine. (*c*) Questionnaire calling for information pertaining to synthetic deterigent industry. (*d*) Questionnaire calling for detailed information in connection with the manufacture of fatty acids. (*e*) Questionnaire calling for detailed information in connection with the manufacture of cosmetics and toiletries. (*f*) Questionnaire calling for detailed information regarding the manufacture of textile auxiliaries.	Annual	To be continued.
62	Information regarding copra crushing industry.	As and when required.	To be continued but on an annual basis as this gives useful information.
63	Collection of tin-plate consumption data.	Only once	To be continued. This information is obtained only once from a new u for determining that unit's enti ment of tin-plate.
	PLASTIC DIRECTORATE		
64	Production return by plastic moulding industry.	Monthly	To be replaced by a common form for monthly production return. The information, at present, obtained by the Plastic Dte. in regard to the amount of raw-material consumed would be obtained by the Dte. separately, on quarterly basis.
65	Production return by units other than those using moulding or extrusion machines.	Monthly	Do.
66	Capacity of moulding machines ..	Annual	*To be continued.*
67	Questionnaire for obtaining up-to-date information about the industry.		To be replaced by a common form.
	INSECTICIDES DIRECTORATE		
68	Stock position of imported raw materials.	Monthly	*To be coninued* but on half-yearly basis.
	ALKALIES AND ALLIED DIRECTORATE		
69	Coal & Coke	Monthly	*To be continued.*
70	Ammonium sulphate and ammonium chloride.	Monthly	*To be continued.*
71	Distribution statement of caustic soda.	Monthly	To be continued.
72	Imported data for caustic soda at ports.		*To be discontinued.* This is a occasional return received from custom authorities and is not necessary.

Serial No.	Particulars of return	Periodicity	Recommendations of Sub-Committee
	CERAMICS DIRECTORATE		
73	Production return	Monthly	To be replaced by the common form.
74	Coal return	Monthly	*To be discontinued.*
75	Coal stock return from refractories industry.	Weekly	
76	Coal stock returns from refractories industry.	Fortnightly	
77	Copy of coal Controller's permit for refractories industry.		
	RAYON AND SYNTHETIC FIBRE DIRECTORATE		
78	Stock of tyres yarn	Monthly	*To be continued.*
	DRUGS AND PHARMACEUTICAL DIRECTORATE		
79	Details of Raw-material to be released through the State Trading Corporation.		To be continued.
	ENGINEERING DIVISION		
	ELECTRICAL ENGINEERING DIRECTORATE		
80	Proforma for utilisation of raw materials and components.	Annual	To be continued.
81	Production return from radio industry.	Quarterly	*To be continued* but on half yearly basis. This return furnishes information in much greater detail than that provided in the monthly production return and is useful for the planning of the industry.
82	Statement showing utilisation of indigenously produced radio components.		To be discontinued.
	METALLURGICAL DIRECTORATE		
83	Stock return for coke	Monthly	*To be continued* but on quarterly basis.
	TOOLS DIRECTORATE		
84	Statement showing details of pending orders on book delivery scheduled.	Monthly	To be continued but on quarterly basis.
85	Statement showing installed capacity order book and delivery position in respect of machine tools.		This may be continued with Serial No. 84.
	H.M.E. DIRECTORATE		
86	Statement giving information in respect of ship-building and ship repairs.	Monthly	To be discontinued. The statement has become obsolete.

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ANNEXURE I TO APPENDIX XI

D. G. T. D Form No.

GOVERNMENT OF INDIA

DIRECTORATE GENERAL OF TECHNICAL DEVELOPMENT

Quarterly Statement of Chilean Nitrate of Soda for the quarter ending——————

1. Stocks carried over from the previous quarter.
2. Quantity allocated during the quarter.
3. Quantity received during the quarter.
4. Total of 1+3.

5	Name of product manufactured	Quantity produced	Quantity of Chilean Nitrate consumed
1.			
2.			
3.			
4.			

6. Balance in hand on the last day of the quarter.
7. Quantity still to be received against allocation.

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ANNEXURE II TO APPENDIX XI

D. G. T. D Form No.

GOVERNMENT OF INDIA

DIRECTORATE GENERAL OF TECHNICAL DEVELOPMENT

Sulphur Return for the Half Year ending——————————

1. Stocks carried over from the previous half year.
2. Receipts during the previous period.
3. Consumption during the period.
4. Quantity for which firm orders have been placed on suppliers.
5. Quantity out of the total allocation for which orders have yet to be placed.

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ANNEXURE III TO APPENDIX XI

D. G. T. D Form No.

GOVERNMENT OF INDIA

DIRECTORATE GENERAL OF TECHNICAL DEVELOPMENT

Rock Phosphate Return for Quarter ending————————————

1. Stock carried over from the previous quarter (separately in each variety).
2. Receipts during the quarter (separately in each variety).
3. Consumption during the quarter (separately in each variety).
4. Quantity for which firm orders have been placed on suppliers (separately in each variety).
5. Quantity out of the total allocation for which firm orders have yet to be placed. (Separately in each variety).

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ANNEXURE IV TO APPENDIX XI

QUESTIONNAIRE FOR CEMENT PROCESSING INDUSTRY

Reference No. ____________________ *Date* ____________________

1. Name & address of the Company.
2. Location of the Factory.
3. Year in which production was commenced.
4. Block Investment—
   (a) On Land & Buildings Rs.________
   (b) On Plant & Machinery Rs.________
5. Plant & Machinery—

List of machinery installed	No.	Output capacity per shift	No. of shifts worked
(i)			
(ii)			
(iii)			
(iv)			
(v)			
(vi)			
(vii)			
(viii)			
(ix)			
(x)			

6. Range of items manufactured—

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Name of item	Size	Weight per piece for each size	Ex-factory price	Annual production in last 12 months

7. Raw material required—

Material	Annual requirements on the basis of installed capacity	Actual consumption during last 12 months
(i)		
(ii)		
(iii)		
(iv)		
(v)		

8. Requirements of imported stores—

Item	Anual requirements on basis of capacity		Actual consumption during last 12 months	
	Quantity	Value	Quantity	Value

9. Particulars of Foreign collaboration, if any—

(a) Terms of collaboration involving Foreign Exchange remittances and estimate of such remittances on each account.

(b) Particulars of foreign technicians in service—

Name	Qualifications	Date of employment and period for which employed

10. Proportion of Cement/Coarse aggregate/Fine aggregate used in the processing (i.e. whether 1:1½:3 as Cement/Coarse/Fine or 1:2:3.

Signature———————————

Name of the firm———————————

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APPENDIX XII

The Study Team's recommendations in respect of returns submitted by the Directorate General of Technical Development to the Ministries etc., are set out below:—

1. *Statement showing the trend of production.*

   This statement is being submitted along with monthly summary for the Cabinet. This statement is being prepared in respect of a few specified industries and it had been introduced last year at the instance of the Minister of Heavy Engg. The information furnished in this statement is fully covered by Sl. No. 12 below, and, therefore, it is not necessary to continue this statement separately.

2. *Statement giving information regarding the applications under Industries Act which are outstanding.*

   This statement is required to be submitted to the Minister for Industry every month. Under the present procedure, all applications under the Industries Act are first received in the Industry Department from where one copy is forwarded to the Directorate General of Technical Development. Information regarding the applications which are outstanding would, therefore, be already available with the Department of Industry. Such statement could, therefore, more appropriately be prepared by the Department of Industry itself and it should not be necessary to ask every Development Officer to prepare such a statement. Even in the orders issued by the Department of Industry laying down the drill for dealing with the applications for industrial licences provide that it is the responsibility of the CLP Section in that Department to compile statistics in respect of such applications.

3. *Statement showing cases for registration which are pending over a month.*

   As all applications for the registration are first received in the Coordination Directorate, the information regarding these cases would, therefore, be available in that Directorate. It is, therefore, not necessary to call for statements from the Development Officers and they should be discontinued. On the other hand, such a statement could be prepared by the Coordination Directorate itself.

4. *Statement giving particulars of applications under the Industries Act which have not been placed before the Licensing Committee where more than 6 weeks have elapsed since they were received.*

   This statement is being submitted every month. Here too, it is felt that this information would be available with the Department of Industry and that it is not necessary for that Department to call for this information from the Development Officers.

5. *Statement in which targets and likely achievements during the plan period are furnished.*

   This is a monthly statement and is furnished only in respect of a few selected industries. This proforma would, however, be covered by Serial No. 19 and, therefore, a separate return is not necessary.

6. *Monthly statement showing the progress of construction programme of schemes.*

   The progress in respect of new units etc. is being reported to the Directorate General of Technical Development in 'G' form only in June and December. No useful purpose would, therefore, be served by submitting this statement every month and it may be discontinued.

7. *Proforma in which forward estimates for cement requirements for each quarterly period is required to be sent.*

   To be continued.

8. *Statement in which allocation of cement to industrial undertaking is required to be furnished to the Cement Directorate.*

   To be continued.

9. *Statement in which capacity/annual production for each industry is required to be sent along with annual administration report.*

   To be continued.

10. *Statement in which position of capital goods, import applications is required to be sent to the Minister.*

    This information should be available in the Coordination Directorate and it should not be necessary to call for this information from the Development Officers.

11. *Proforma in which material for publication in the Hand-book of indigenous Manufacturers is furnished to the Coordination Directorate.*
    To be continued.

12. *Monthly statement showing production trend of selected industries.*

    This information is furnished to the Central Statistical Organisation for publication in the bulletin—Monthly statistics of the production of selected industries of India. This statement has, therefore, to be continued. It is understood that the question of the simplification of this form had been taken up by the Directorate General of Technical Development with the Central Statistical Organisation and others concerned at some stage and the latter had agreed to Cols. 14, 15 and 17—23 being omitted. It is suggested that this may be implemented.

    It has also been examined whether it is really necessary that such statement should be prepared by the Development Officers and whether this work could not be undertaken by the Statistical Section. It is felt that if the Statistical Section is properly organized and staffed, it should not be difficult for that Section to compile all the industrial data and make it available in the ready form to the Technical Directorates. Such an arrangement would also be desirable in view of the consideration that the Directorate General of Technical Development is being reorganized on the officer-oriented pattern. It has, however, been felt that until the Statistical Section is properly organized and adequately staffed so as to be in a position to be able to handle this work, the existing arrangement will have to be continued.

13. *Statement of receipts and issue forwarded by the Technical Directorate to the Administration Directorate.*

    It is understood that no use is being made of this statement, and therefore, it is recommended that this should be discontinued.

14. *Resume of important activities during a month for the information of the Minister for Supply and Technical Development.*

    In order to keep the Minister fully posted with the more important work in the Directorate General of Technical Development, it has been decided that a monthly resume in respect of important items of work handled during the month should be prepared by Industrial Advisers and sent to the Department. This may be continued.

15. *Monthly statement of new units coming into production.*

    This information is required for the summary for the Cabinet prepared by the Department of Supply & Technical Development and may be continued.

16. *Statement giving information about the progress in the use of Hindi.*

    This is a half-yearly statement required by the Ministry of Home Affairs and may be continued.

17. *List of producers under the Tariff protected industries required by the Tariff Commission.*

    This is a quarterly statement and may be continued.

18. *List of new items developed indigenously furnished to the Ministries for their information.*

    It has already been decided that quarterly supplements will be issued to the Hand-book of Indigenous Manufacturers. In view of this, there is no need to furnish such separate statement and this may be discontinued.

19. *Form for supplying information for inclusion in the Hand-book on industrial data to be published annually in respect of selected industries.*

    This form has been newly introduced and may be continued.

20. *Monthly statement regarding trend of production of automobile leaf springs submitted to the Department of Heavy Engineering.*

    To be discontinued.

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L/P(D) 5DGTD—1,600—26-5-66—GIPS